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Review

Consumers' protection and creating consumers' value

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Customer protection is a complex concept, which encompasses the care and protection of the so-called 'reasonably circumspect consumer'. Through legal, economic, health, safety and numerous other aspects, the modern state uses norms to regulate and control consumer protection. The aim of protecting reasonably circumspect consumers is to protect their health, safety and economic interests in the environment of freely circulating products and services on the efficiently functioning market. Marketing is focussed on consumers and meeting their needs, wishes and preferences. The modern marketing delivers values to consumers. This is achieved through selecting, creating, delivering and communicating values. Whether it is about offline or online marketing, a consumer is an individual (rather than a mass of consumers as in mass marketing) whose privacy must be respected. It is then that marketing serves the purpose of consumer protection.

Key words: Consumer protection, consumer self-protection, consumer rights, consumer value, consumer privacy, marketing.

INTRODUCTION

The issue of consumer protection in developed market economies and societies is not a novelty, but in the transition economies and societies it is one of the contemporary issues that require special attention.

The philosophy of consumerism first appeared in the USA in the 1960s. Consumerism (as the third wave of the consumer movement) received political support in 1962, when the President J.F. Kennedy uttered the famous sentence, 'Consumers, by definition, include us all'. It followed legal, ethical and economic pressures on the business community to institutionalise consumers and the need for their organised action. The first federal Consumer Product Safety Act was passed in the USA in 1972. In 1985, the UN General Assembly adopted Resolution 39/248, establishing guidelines for consumer

protection, defining the eight core consumer rights.

This gave birth to consumer organisations demanding the right to safety, the right to be informed, the right to choose and right to be heard. The International Organisation of Consumer Unions (IOCU) added four more to these, which today represent the first set of eight core consumer rights. These include the right to satisfaction of basic needs, the right to redress, the right to consumer education and the right to a healthy and sustained environment. The EU redefined (Rkman, 2007:3) the eight core consumer rights into ten practical and more transparent basic principles of consumer protection policies: buy what you want, where you want; if it doesn't work, send it back; high safety standards for food and other consumer goods; know what you are eating;

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contracts should be fair to consumers and transparent; sometimes consumers can change their mind; making it easier to compare prices; consumer should not be misled; protection while you are on holiday (in the consumer's own country or abroad); effective redress for cross-border disputes (consumer rights infringements).

The rise of consumer protection

To reach the current form of consumer rights pattern, the development of consumer rights has undergone several stages: the 'crusade' (characterised by the lack of organised movement on national level and the existence of small-scale consumer organisations); 'popular movement' (with organised movements functioning on the national level); 'management stage' (when the consumer movement is headed by the government and politicians, and the consumers' movement is aided by laws and regulations); the 'bureaucratic stage' (when the movement stagnates rather than develops, and the protection of consumers' interests lies exclusively within governmental competence and responsibility).

The highest form of consumer protection is, therefore, when it is taken care of by the state. The state and other public institutions regulate issues relevant to consumer protection by adopting and monitoring the implementation of laws and subordinate legislation. Since the formation and functional initiation of the unique European Common Market in 1993, consumer protection has become the official policy of the European Union, implemented by the adoption of a range of regulations in different segments of consumer protection. The Maastricht Treaty of 1993 created the prerequisites for consumer protection as a distinct EU policy.

It must be pointed out that consumer protection is best developed in Sweden, where it is incorporated in the country's social and legal system. The government plays a significant role in consumer protection through substantial funds allocated to consumer education and information, with the free use of mass communication media. Another point worth mentioning is the institution of consumers' ombudsman (introduced in 1971), as an independent tribunal in disputes between consumers and corporate entities.

Activities concerning consumer protection

The protection of the consumers' economic interests is achieved through the adoption of EU directives in the field of information and compulsory consumer education, as well as a group of directives including those on comparative advertising, consumer protection in distance contracts, general product safety and a range of other acts developing consumer rights parallel with the formation and development of the EU's internal market.

As well as other transition countries, Serbia has also adopted the Consumer Protection Act (Issue 79/05 of the Official Gazette of the Republic of Serbia, in force as of September 24, 2005), the National Consumer Protection Strategy for the period 2007 through 2012 (in a joint package with the Advertising Act, Pricing Act and Competition Protection Act), as a step towards the harmonisation of the national consumer protection regulations and EU consumer protection legislation. A number of local, municipal and regional consumer unions have been established, in modest circumstances as a rule. Soon afterwards, in May 2005, the National Consumer Organisation of Serbia was established with 29 municipal and regional unions from the entire country.

This does not mean that consumer activities had not existed previously. They had existed in certain forms, especially in the period between the 1970s and the 1990s, which saw various forms of protection and self-protection of consumers' interests through other existent organisation forms, at a level corresponding to the contemporary level of demands and competences of the consumers and the environment.

At the time when this paper is being written, we have the Draft Law on consumer protection encompassing numerous aspects of protecting consumers' lives, health and safety; protecting consumers' economic interests; special forms of consumer protection in service industries; standard contracts, consumer information and education; redress and indemnity; the national consumer protection programme and protecting agents; inspection and penalty clauses. They are synthesised in the core rights: the right to basic needs, the right to safety; the right to information; the right to choice between several products and services; the right to be heard; the right to redress; the right to consumer education; the right to a healthy and sustained environment (UN General Assembly Resolution 39/248 - United Nations Guidelines for Consumer Protection)

One of the basic problems in the field of consumer protection lies in the issue of information. Namely, the dominant phenomenon among consumers is inadequate knowledge and education of consumers on their rights, as well as comparatively low consumer awareness about demanding their rights, the problems of functioning and activities of consumer unions, etc. On the other hand, there are the problems of slow and non-transparent work of market inspectorates; slow judicial system; importing products of dubious quality; aggressive approach of, for example, financial institutions (e.g. the promotional slogans, 'enter, exit, done' and 'smooth, on the double, on the spot') etc. In a word, of misused and abused marketing.

Consumer protection and self-protection

Professional literature on marketing provides a great number of views of the essence of consumerism and

consumer protection movements. Some are too narrow, some are too wide, and many are biased. According to the narrower interpretation (Kotler, 1972:49), it is a social movement aiming to strengthen the consumers' rights and influence over providers. Its narrow character is manifest in transforming the 'Let the Buyer Beware (*Caveat Emptor*)' and 'Let the Seller Beware (*Caveat Vendor*)' principles. The opposite extreme is manifested in the organised consumer effort, seeking rectification, compensation and remedy for the injustices and dissatisfaction accumulated while acquiring the attributes of living standards. The authors of this view (Buskirk, and Routh, 1970:61) even consider the consumer protection movement to compromise the marketing concept. Namely, before the emergence of consumerism, marketing programmes had threatened consumers' interests, which makes consumerism a response to such consumer risk.

Consumer protection as a complex concept encompasses numerous legal, economic, health, safety etc. aspects, which are regulated and controlled by the state; such is also the case with consumer self-protection, which means organising for co-operation, but also for pressure. Consumer self-protection is conducted in co-operation with the state, local authorities and others, and consumers are organised for pressure aimed at producers and/or marketing channels.

At various stages of economic development, prior to the emergence of marketing, the accent was on a higher level of producer protection. Although their numbers are smaller compared to consumers, they are economically more sophisticated and powerful, more willing to co-operate mutually (if necessary) in order to strengthen their positions. The producers' and the sellers' rights were almost unlimited. Contrary to this, although consumers were more numerous, they did not use this fact, being less educated and economically inferior, which is why they were left with the only right to be used against suppliers, namely not to purchase their products or services.

The emergence of marketing has brought on not only a different philosophy, concepts and activities on producers and marketing channels side, but also significant changes on the consumers' side. The question that imposes itself is, if the focal point of marketing (suppliers of products and services as well as marketing channels) is the consumer with his or her needs, wishes and preferences, what kind of consumers should protect themselves, who from and why?

There are different definitions of a consumer. The definitions quoted here are those used in marketing theory and the Consumer Protection Act, which are similar. In the former (Maričić, 2005:17), the consumer is a social and cultural entity¹. He or she is also an individual *per se*,

a member of a family, a group of a given social class or stratum, a representative or a given nation, race, religious denomination, a citizen of a given country etc. A consumer is a person possessing money (funds) and the will to purchase products and services. A consumer, however, may also be a company or an institution (such as a school or hospital), which also buys products and services, and uses them to conduct their core activities. The term 'consumer' is, therefore, used to describe and distinguish between two types of consuming entities: persons (citizens) and organisations (companies or institutions) as consumers (Maričić, 2005:13).

In the Consumer Protection Act of the Republic of Serbia, a consumer is understood as a physical person purchasing or using products for his or her own needs or the needs of his or her family; or a legal person (including entrepreneurs) when they purchase products or uses services for their own needs. A consumer is not a 'professional' on the market but the 'weaker' side, which needs protection in order to establish a balance of rights and obligations of all participants, both on the supply and the demand end. Consumers need to be protected by providing information and education, so that they can make the best choice of products and services and thereby provide for the satisfaction of their own needs, safety of the chosen products and services, and healthy environmental conditions. In the practices of the European Court of Justice, a protected consumer is a reasonably circumspect consumer. The aim of protecting reasonably circumspect consumers is to protect their health, safety and economic interests in the environment of freely circulating products and services on the efficiently functioning market.

How a consumer makes decisions and what goes on in his or her mind is the object of interest of behavioural sciences, where different schools use different approaches. The most common approach to decision-making process in marketing occurs in the consumer's personality, undergoing several stages (need/problem recognition; search for information; assessment of alternatives; purchase and assessment of the purchased product or service). The main impact on consumer behaviour reflecting on the decision-making process, purchase centre and criteria for choice can be allocated in three groups: the shopping situation, personal influences and social influences (Figure 1).

Given the freedom of choice of products and services, that is, values, in the environment of limited purchasing power, time and information available, the contemporary consumer expects to have satisfaction, delight and value. In the shopping process, consumers prefer values offered by those companies with which they attain their goals.

¹ A consumer is a person using products and services to satisfy his or her own personal needs and those of his or her family. A consumer wishes to purchase a given product and services. The notion of consumer is derived from and closely related to the notion of consumption. The original Latin word *consumere*

literally means 'consume food', 'fully consume', 'expend', 'spend', 'use up' etc. Unlike original definitions of consumption which referred only to the consumption of food, later definitions were extended to include other products, services and places where consumers satisfy their needs and wishes (p.17)

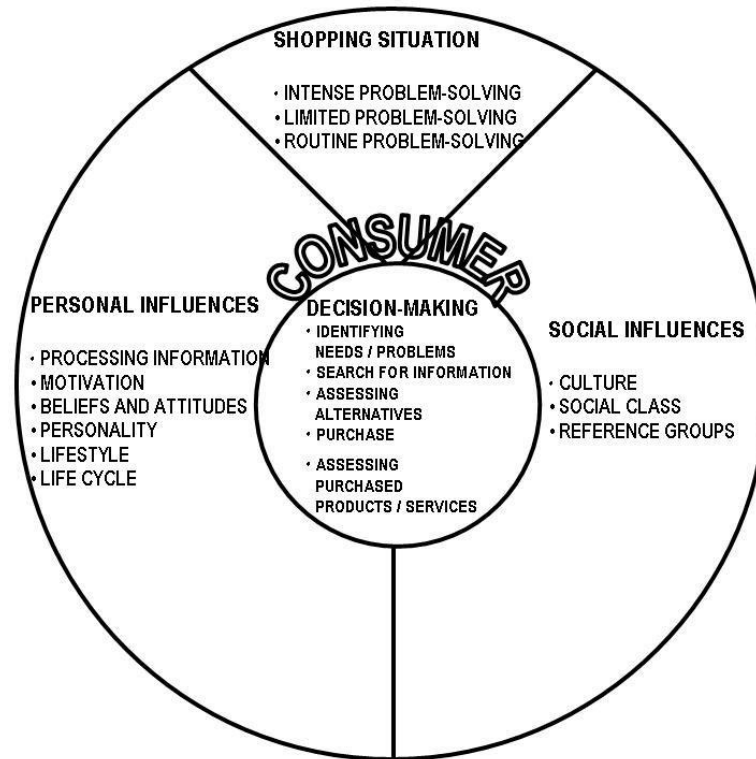


Figure 1. Influences on consumers' shopping behaviour
Source: Adapted from Jobber and Fahy (2006:70).

Contemporary marketing in consumer protection

On the global, national and local market, modern strategic marketing is carried out by segmenting, targeting and positioning. Choosing values (through marketing research, analysing companies etc), creating values (developing new products, choosing suppliers etc), delivering values (marketing channels, logistics) and communicating values (through integrated marketing communication, distribution management etc.) comprise the process and flow of delivering value to consumers and potential consumers, which provides a company's competitiveness on the market. The integration of these activities produces holistic marketing, which is used for achieving profitable growth by expanding the consumer share, building customer loyalty and lifetime customer value.

The choice of values stems from the consumer's needs, wishes and preferences which serve as a basis for building relationships and interactions between:

1. the consumer's cognitive area, reflecting the consumer's actual and latent needs, and comprising dimensions such as participation, stability, freedom and change;
2. corporate competence area, which can take the form of (a) width, that is, a extensive business volume as opposed to focussed; or (b) depth, that is, physical ability

as opposed to knowledge-based; and
3. partner resource area, which can be (a) horizontal, where a company chooses partners based on their ability to exploit opportunities offered by the market or (b) vertical, where companies choose partners based on their ability to assist in creating their value.

Creating consumer value

Creating values includes creating consumer value. In this way, the supplier's '4P' approach assumes another side, that is, 4C. From the consumer's aspect ('4C'), new benefits are identified, based on 'consumer knowledge', that is, knowing what they think, what they want, what they do, what concerns them, what delights them, who they interact with and who influences their decisions (especially decisions to purchase products and services).

The right to the satisfaction of human needs and the right to information, as consumers' core rights, include e.g. the source and content of food offered on the market. Information and data on the characteristics of products and services and terms and conditions of sale must be accurate, complete, well-based, unequivocal, clear and timely. One of the systems of preventing and controlling food safety risks and identification of unwanted/hazardous influences of chemical, physical or biological

origin, aimed at enhancing consumer protection are the Hazard Analysis Critical Control Points (HACCP). These form the basis for building the ISO 22000:2005 food safety standards.

Delivering consumer value is done by marketing channels, whose role is to ensure that the product or service is available to consumers. These may include wholesalers, retailers and other intermediaries such as agents (brokers, producer's representatives, sales agents) and auxiliaries (transport companies, independent warehouses, banks, promotion agencies). In this, the producer decides whether to apply push or pull marketing strategies. In the case of push strategy, the producer uses its sales force and sales promotion facilities to encourage intermediaries to deal with the product, promote it and sell it to final consumers. This strategy is appropriate when there is a low degree of brand loyalty in the given category, when the brand is chosen on the spot at the point of sale, when it is an impulse product, or when the product's benefits are well-known. Pull strategy uses sales promotion to persuade consumers to ask the intermediaries for the product and thereby motivate the intermediary to place it at their disposal. This strategy is appropriate when there is a high degree of brand loyalty and high degree of participation in the category, when consumers see the differences between brands and when they choose the brand before entering the shop.

When planning the demand chain in the marketing approach, companies start from target markets and then design the supply chain backward from target consumers. This 'places emphasis on the opportunities and solutions searched by consumers rather than the products that we are trying to sell them,' points out by Don Schultz (Kotler and Keller, 2006:471); he proposes that the traditional marketing elements (4P) should be replaced by a new acronym (SIVA: solutions, information, value, access). However, another wider, company-centred approach implies a network of values, that is, a system of partnerships and alliances created by a company in order to form, expand and deliver its range of offer.

In the contemporary conditions, the consumer encounters not only traditional but also the new methods of delivering values, not only off-line but also on-line e-marketing which informs the consumer, introduces the company and allows it to promote and sell its products through the Internet (virtual companies; brick-and-mortar vs. virtual companies):

Communicating values performs several functions for the consumers: informative, educational, distraction-recreation-entertainment-aesthetic, and persuasive. Integrated marketing communication, that is, combining advertising, sales promotion, personalised sales, marketing public relations, events and experience with direct marketing, leads to the accomplishment of clarity, consistency and maximum impact through the integration of promotional messages. Through unified promotional

messages, integrated marketing communications contribute to the forming, maintaining and modifying the image of products, brands and companies, thereby influencing the consumer's confidence in the choice of product or services, confirming the consumer's 'good' choice based on previously achieved satisfaction. The promotional message leads the consumer from one stage to another: from cognitive, to affective to behavioural stage. At the same time, internal marketing is characterised by high social responsibility in applying ethics and socially responsible marketing. This is a result of growth in expectations of increasingly sophisticated consumers, legislation, pressures on governments, and the investors' interest in social criteria and changes in the area of supply.

Marketing communications participate in exercising consumer rights, namely, the right to information on companies' products and services; the right to education on current and novelty products and services ('pushing' the development of science and technology) offered by suppliers; and the right to choice between available products and services of different quality and pricing, i.e. those that are appropriate for a given consumer.

The highest degree of exposure to the consumers' criticism is noted in marketing communication (especially advertising as one of its instruments, increasingly followed by direct marketing). Although there are adopted, enforceable codes of conduct (in every country) in each segment of marketing communication, there are dilemmas concerning compliance with or infringements of these, due to various possibilities of interpreting the combination of information, symbol and appeal comprising a promotional message. Namely, due to differences in the consumers' personalities, varying levels of their sophistication, differences in lifestyles, differences in purchasing power, tastes, needs and wishes, promotional messages are understood and perceived differently by consumers. Marketing does not recognise the category of 'average consumer'; marketing prefers a consumer as an individual, with differentiated needs and wishes.

The critics of marketing communication often point to the sensitivity of child population segment, and the responsibility of corporate marketing to them. There are opinions that advertising is a part of growing up and socialisation of children. However, there are other views as well, based on empiric research, that this segment is less likely to be influenced by advertising due to the fact that they spend a lot of time in front of the TV and the Internet. They (the so-called 'Generation Y') are critical, expecting information to be specifically addressed to (targeted at) them, rather than classical-style prevailing at the time of their parents ('Generation X'). Marketing communications are aware of the responsibility in creating and distributing messages aimed at child population and all others. Abuse is neither the aim nor the means of marketing; those who do it should be penalised by all social strata in their own respective ways, just as an

individual committing an illegal act will bear appropriate consequences.

The extent to which the promotional message of marketing communication is trusted, that is, the credibility of promotional message is pertinent to the credibility level of the sender of the message, and the components of the promotional message. The credibility component implies not misleading the consumer in terms of a product's characteristics and value, and the terms and conditions of sale; propriety refers to the use of audio and visual presentation common in the adopted behaviour patterns; loyalty implies not abusing the consumers' trust (due to the consumers' lack of experience or knowledge); and expertise, by which a promotional message should include knowledge of the company, product, event or personality.

Relying on marketing databases, online marketing, especially direct marketing, raises the issue of consumer privacy. Respecting consumers' privacy is an essential aspect of business ethic, with a direct impact on building consumers' trust in a company. Principles on which the respect of consumers' privacy is based include: the consumers' access to information database about themselves; the consumers' choice in terms of application and distribution of information on themselves; safety and integrity of collected data and information on consumers (O'Guinn, and Van den Bergh, 2004:148). Respecting consumers' privacy in the area of disclosing one's personal information for the formation and maintenance of databases is achieved in the following circumstances (according to Duncan, 2005:642):

1. when the consumers know that data and information is being collected on them;
2. when they have given consent to the collection of data and information on them;
3. when the information gathered from them are relevant for the purchase and utilisation of the product;
4. when the consumers themselves, not only the company will benefit from this information (through the faster delivery of chosen products or services, and obtaining necessary information, they are protected from unnecessary or unwanted information);
5. when they have a feeling that they are in control of data manipulation.

In the contemporary circumstances, the dilemma may arise as to when consumer privacy is endangered, and when it is necessary to activate consumer rights protection. Is it when promotion is inappropriately understood, for instance in the case of criticism often levelled at advertising, that they manipulate consumers, encouraging

them to buy unnecessary products? The promotional message (in any of the promotional mix instruments) does not manipulate consumers but rather informs and educates them, pointing to benefits. It provides consumers with the 'right' information necessary to make a decision concerning the purchase of products or services. Information aimed at persuasion, triggering consumers' frustration to be eliminated by purchasing a product or service, is not characteristic of marketing communication; it is more a matter of perception, understanding and individual experience of the message.

ENDNOTE

Consumer protection is an area in permanent harmonisation with changes resulting from the turbulent development of all segments, especially science and technology. The rise of consumers' living standards 'pulls' innovations, and the offerers 'push' them into the market. An educated and informed consumer is capable of perceiving marketing not as an instrument of 'manipulation' but as an instrument of 'protection', helping him or her to find the appropriate product or service.

Conflict of Interests

The authors have not declared any conflict of interests.

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Full Length Research Paper

Impacts of economic, cultural, social, individual and environmental factors on demands for cinema: Case study of Tehran

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This article seeks to identify the various factors affecting the demand for cinema and effectiveness degree of each factor. In this paper we seek to answer the main question that how much economic, cultural, social, individual and environmental factors affect demand of going to the cinema. In order to find the answer to the aforesaid question through survey, information about a sample of 800 who go to cinema in Tehran is collected. These people are selected through simple random sampling. The collected data have been analyzed via factor analysis and path analysis method. The results show: demand for going to cinema follows economic, cultural, social, individual and environmental factors and with consideration to amount of standard coefficient, it should be said that economical factors and environmental factors respectively have the highest and lowest impact on demand for going to cinema.

Key words: demand for cinema, economic factors, social factors, cultural factors, environmental factors, Individual factors, factor analysis.

INTRODUCTION

Nowadays, on one hand, cinema is considered as a modern industry and on the other hand as the cultural need in our country and undoubtedly it is one of the most fundamental and effective media which plays an active role in continuing the expansion and survival of real art and culture of a society. It can be said that cinema is a polyhedral phenomenon which is affected by human culture and influences more cultures. Cinema and watching movie in theaters or in another word going to

cinema is one of the most important options for passing leisure time in the societies in which politicians of public culture section encourage and strengthen cinema by relaying on different and diverse legal process and other effective tools. Due to the fact that passing free time in group besides being safe and sound brings about individual and group joy, thinking, and interacting more closely with parents, relatives, friends, and even other participants in this Joy and enthusiasm. Aside from that

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cinema plays a constructive and pioneer role in culture and behavior of people. Therefore undoubtedly improving the quality of the film has a great impact on the development of intellectual, cultural, social, and economic and trade dimensions of community. In other words, cinema influences social, economic and cultural variables and mutually it will be affected by development of these areas.

Considering the constant development in science and technology, and enhancement of different entertainment means and industries in the last recent decades, movie production and capacity of theaters have lately had an increasing trend throughout the world and based on the given statistics and estimations of professional centers, this trend will be continuing and in the upcoming years its average growth in production and show will be more than 30 percent (Mousai and Shiani, 2007). On the other hand, according to the published international news in 2005, number of people who went to cinema all over the world was 3 billion and amount of money spent for going to cinema was 15 billion. Besides, average current capital in film industry and cinema all over the world is approximately 80 billion dollars (Hoseinnejad, 2005). Despite the film industry is growing in the world and especially in some of the neighboring countries of Iran and a gradual increase in the number of theaters and audiences in Iran especially in Tehran city, this trend has been decreasing. While in some countries like South Korea, Malaysia and Indonesia and even the United Arab Emirate, number of constructed theatre during the last decade has been more than existing theatres in Iran (Mosai and Shiani, 2007).

It seems that decreasing trend of cinema audiences in Iran is not only due to development of ways of communication and people's access to internet and possibility of getting and watching the movies at the same time or people's access to all movies in form of CD whether legally or illegally, but also this matter is affected by some other significant matters that have to be investigated and studied more seriously. Therefore, studying economical factors such as ticket price, income of people who want to go to cinema, price of supplementary or substitute goods of cinema and also cultural factors like (interests, tastes, customs and general behavior, advertisements, expectations, religious beliefs, free time, numbers of used programs, training and....) cultural factors (Education, age, status and social position, etc.) and individual factors (including gender, individual income, household expenses, job type, distance between people's houses to cinema) can help us to be able to answer the main question and unknown and vague aspects of this research. Considering these conditions, it seems that without getting to know the influential factors on demand for cinema in Iran through development programs, appropriate and adequate planning and required investment in film industry is not possible.

Cinema industry in Iran

It seems that, cinema has come to life in Iran concurrent with beginning of modernism process and before its appearance in other neighboring countries. Rapid and ever increasing progress of different kinds of audio-visual technologies and development of television and satellite channels, have improved film industry and cinema greatly all around the world while demand for cinema in Iran especially Tehran has had a decreasing trend in the last two decades. The documented statistics in this regard shows that at least in the last 25 years, number of all movies audiences in cinema's of Iran from 80 million persons in 1989 has reached to less than 10 million in 2010 (Iranian Ministry of Culture and Islamic Guidance, 2011) (Figure 1). This decreasing trend has also been true in Tehran's cinemas (Figure 2).

Currently, less than half of audiences of movies belong to Tehran and that is because most of the facilities and large number of theatres are located in Tehran, capital of Iran.

The aforesaid statistics represents that since 2001 because of reduction of people's willingness for going to cinema, in another word, due to drastic reduction in number of people who like to go to cinema, number of active theaters has gradually decreased in Iran. In a way that, number of active cinemas in Iran from 320 in 2001 has decreased to 236 in 2000 (Figure 3). Also the decreasing trend of capacity of cinemas in Tehran has been continuing so that capacity of active cinemas in Tehran from approximately around 50 thousand seats in 1368 reached to less than 38 thousand seats in 2000 (Statistical Center of Iran, 2011) (Figure 4).

It seems that in field of culture economy, different TV programs can be used as appropriate substitutes for filling people's free time specially by showing movies and popular series due to the fact that at the same time that number of people who go to cinema is decreasing, gradually number of audiences and length of TV programs rises. This important matter is shown in Figure 5. Therefore, this considerable process of presentation of TV programs indicates that probably TV programs can at least be presented in Iran as proper substitute for cinema. It is clear that for testing whether this claim is correct or not we should examine and test this idea in the present study in the society being studied.

Influencing factors on cinema demands

Although based on demand theory, there are many unlimited effective factors on demand for cinema in one society, after conducting extensive researches and by considering exploratory studies of researchers and researches, effective factors on cinema demand can be categorized into five main groups: economical, social,

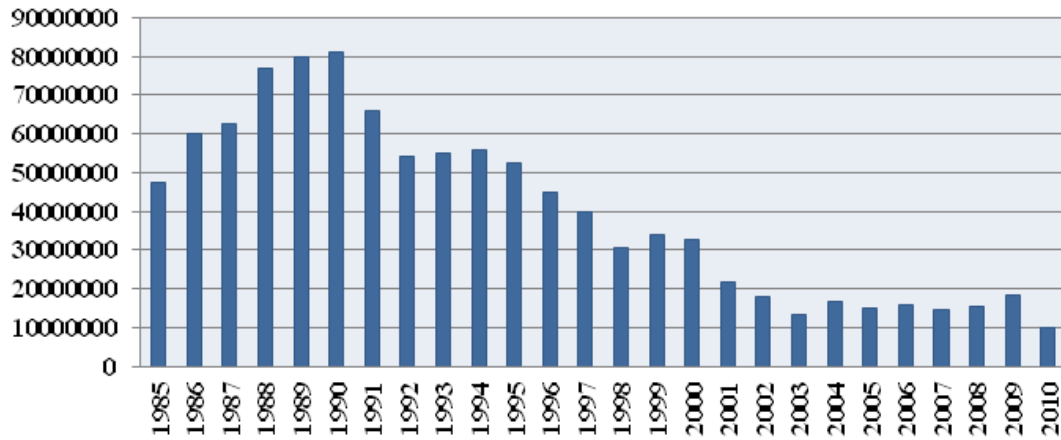


Figure 1. Number of movie audiences in Iran (1985-2010).

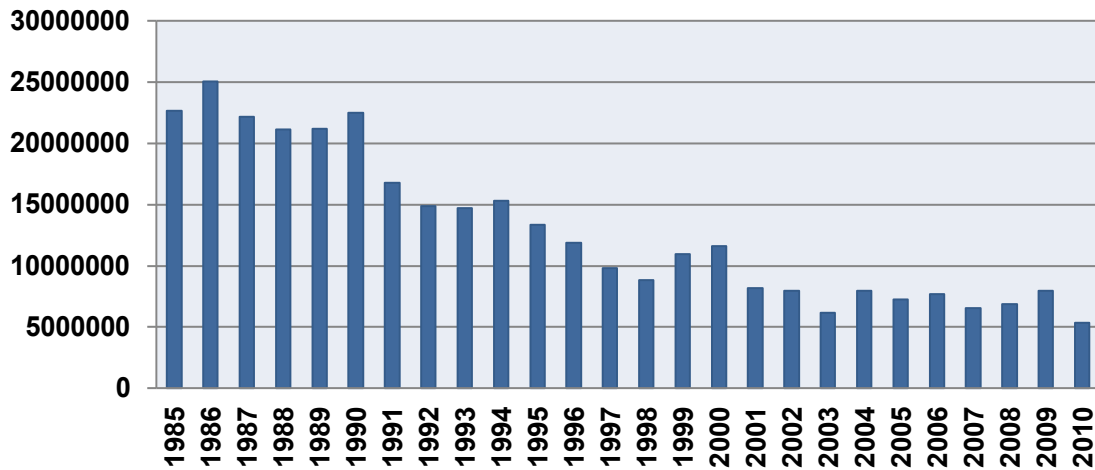


Figure 2. Number of movie audiences in Tehran (1985-2010).

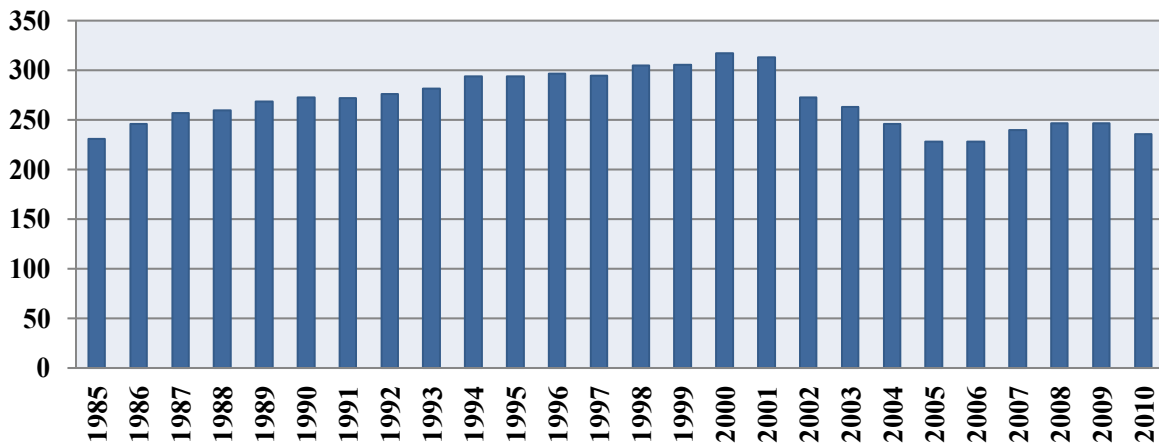


Figure 3. Number of active cinemas in Iran (1985-2010).

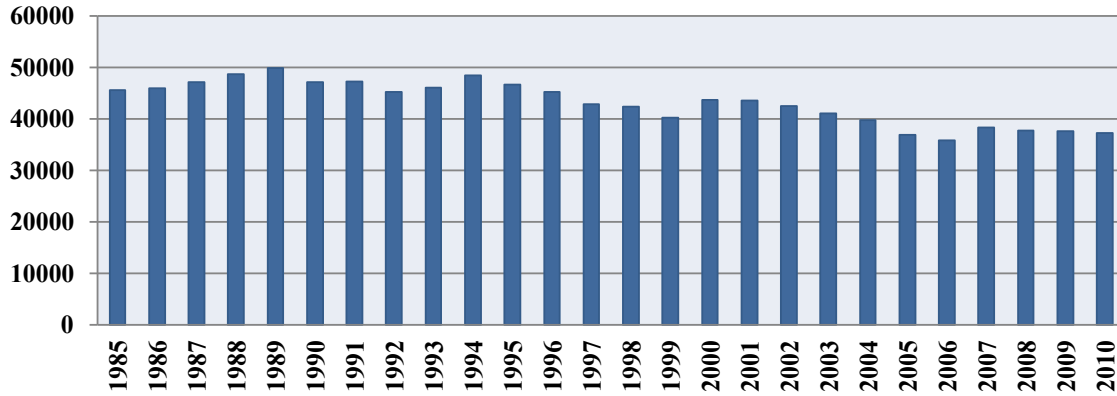


Figure 4. Capacity of cinemas in Tehran (1985-2010).

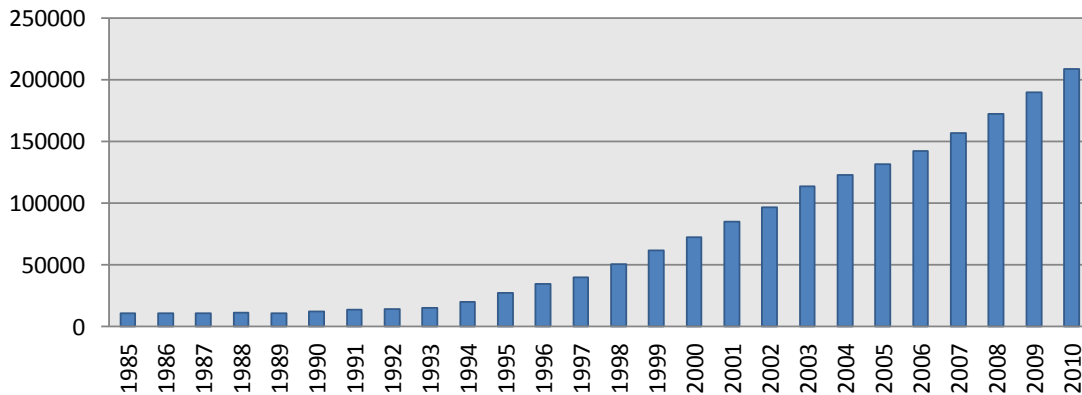


Figure 5. Length of TV programs in Iran (1985-2010).

cultural, individual and environmental factors. All of these factors will be explained later.

1- Economical factor: Economical factors include series of variables and economical issues that exist in the society and affect the demand of people for going to cinema. The conducted researches on effective elements on demand for cinema have pointed out variables such as income, ticket price or comparative prices, extra expenses for going to cinema and related goods (supplementary or substitutionary) (Colins and Hand, 2005; Walls, 2005; Redondo and Holbrook, 2010; Kim, 2009; Yamamura, 2008). Definitions of these variables are as follows:

a. Demand for cinema: Conceptually, demand for going to cinema means people's desire for going to cinema with purpose of watching movies by considering income limitation, free time, ticket price and etc. (Mousai, 2000).

b. Ticket price or comparative price: Conceptually, it means ratio of price of one particular good to other good

or other goods by modifying them according to inflation index. Operationally, it includes ratio of average annual ticket price to consumer price index.

c. Price of related goods: It means the price of related goods and services to cinema that have supplementary or substitutionary relation with demand for cinema. In many studies, cultural goods or other services such as TV programs, video, satellite, theaters, opera and the same programs have been declared as substitutes for cinema. Among the researches in this regard, we can name Macmillan and Smith (2001), Cameron (2005), Blunko and Pino (1997), Dewenter and Westermann (2005) Kim (2009) and many other researchers that have done similar researches.

d. The side costs of cinema: the amount of money that people spend for watching TV such as transportation, gasoline, food, snacks and the things alike. Obviously, as the side costs of going to cinema increases people will be more cost-sensitive. Therefore, side costs will be considered as one of the independent variables in economic factors.

e. TV programs show time: It involves times that IRIB (Islamic republic of Iran 2011) officially broadcasts different TV programs through TV channels. As this variable is considered as a substitution or competitor of cinema, it can affect people's demand for going to cinema.

2- Social factors: Conceptually, social factors are the number of variables being studied in the society such as: parents' age, parents' job and the level of their education, their income and finally housing ownership status. The above mentioned factors are the social factors being considered in different projects. These factors have been pointed out in many studies such as: Garboua and Montmarquette (2002), Kim (2009), Yamamora (2008), Redondo and Holbrook (2010).

a. Parents' age: age variable is effective in demand for going to cinema especially for elderly (parents). It seems that as the parents are older, they have less desire for going to the cinema. Studies conducted by Collins and Hand (2005) show that young people go to cinema more than the other age groups. Also Yamamora (2009) in his study has categorized the people who go to cinema from the age of 20 to more than 60 and has investigated this matter. Also other researchers such as Redondo and Holbrook (2010) Macmillan and Smith (2001) have considered age in their studies.

b. Parents' job: Another variable that affects the demand for going to cinema is people's occupation. It is clear that many people who have social prestige and have more occupational prestige, encourage the family members to go to cinema more than the parents who have less occupational prestige. Social and occupational prestige means the average prestige that people of the society consider for one person or one group because of the characteristics that they think those people have. People's or group's prestige can be due to their job in the society. Therefore, people's job is one of the effective social factors on demand for going to cinema. (Alibabai, 2008)

c. Parents' educational level: It is obvious that socially educated parents have better understanding of social, economical, political and on the whole daily issues compared to illiterate or less educated parents and moreover they make decision based on updated information. As a result, this matter is effective in demand for going to cinema in literate and illiterate families.

d. Income levels: Households income can also affect the family's demand for going to cinema due to the fact that income of one family is effective on life style of that family and type of their demand for goods and services. Therefore, it is important to study and consider this variable.

e. Housing status: This is another variable that also can have effect on demand for cinema. Housing ownership status will be studied in this research.

3-Cultural factors: These factors include number of variables being studied in the society such as: free time, values, beliefs, advertisements and cultural trainings (Duwas,2007). These factors have been pointed out in many projects such as: Collins and Hand (2005), Walls (2005), Redondo and Helbrook (2010), Kim (2009), Yamamora (2008).

a. Media: Media is explained as any toll that transfers a message. Therefore, radio, TV, cinema, books, magazines and mass Media can all be considered as media (Mousai, 2011). Many studies that have been conducted in this regard; have considered the aforesaid media as suitable and very close substitutes for cinema so that in the conducted researches regarding this matter by Yamamora (2009) in Japan, it has been shown that video and satellite programs are substitutes for cinema. Besides, Macmillan and Smith (2001) have introduced TV as a substitute media for cinema in his study in England. Also Collins and Hand (2005) and Kim (2009), in similar researches, have considered TV and video as a very appropriate substitute for cinema as it is so close to cinema.

b. Free time: It is the amount of time that clients of cinema allocate to watching movies aside from their time for working, sleeping, eating, relaxing and entertaining themselves. Free time is also one of the independent and effective variables on people who watch films in cinema. Grainejad et al. (2010), in their studies in Iran have used the time and days that people go to cinema as their free time. Also Agheli (2009) has used expenses index of entertainment and education in analyzing its solidarity in national level.

c. Values: As value has an extensive concept, in this research we just study the variable of lifestyle which is operationally measured based on consumption level and combination of the goods consumed in households.

d. Beliefs: People's belief differs with each other based on culture and traditions of that society. For example, it is possible that in one society and its culture consumption of one particular good or even thing have value while in another society based on their cultural, religious and the things alike consumption of those goods be against the values of that society and even use of those goods can be considered as a crime according to their law.

e. Habits: Many products and services are used based on people's habits. Many people go to cinema regularly and they are considered as professional audiences due to the facts that they have got used to going to cinema and consequently this habit of them affects the demand for going to cinema. Sisto and Zanola's studies (2004) about cinema in 13 European countries have proposed a hypothesis of logical addiction to cinema and have investigated around this matter. Its result indicated that there was a very strong reason that approved the hypothesis of logical addiction about use of cultural

products like cinema in Europe. Also Kim and Park's studies (2010) which were done in South Korea show that demand for going to cinema is recognized firstly based on addictive behavior for cinema products. Secondly, their studies show that this behavior is logical and thirdly habit is one of the most essential issues for specifying the amount of demand for cinema.

f. Advertisement and cultural trainings: Studies of Grainejad et al. (2010) on the advertisement variable show that use of appropriate advertisement is one of the effective factors on demand for cinema. On the whole, checking this matter needs enquiring cinema's addressees about the effect of advertisement and cultural trainings on the frequency that they go to cinema.

4- Individual factors: Individual factors mean number of variables being studied in the society such as age, gender, job, individual education and monthly income. These are variables that have been proposed in researches of Garboua and Montmarquette (2002), Macmillan and Smith (2001), Redondo and Helbrook (2010). Such variables are as follows:

a. People's age: In this part by age we mean searching for audiences' age and it is different from the parents' age that was discussed in social factors section. Many researchers such as Redondo and Helbrook (2010), Yamamura (2009), Collins and Hand (2005), Macmillan and Smith (2001) etc. have pointed to age in their studies as one independent variable.

b. Gender: Gender is one of the major variables in formation of demand for cinema. Among the studies being done in this regard, researches of two Spanish researchers called Redondo and Helbrook (2010) can be noted. These studies have been done in form of correlation analysis of several strains two-variable. Also studies and considerations that have been done by "The Supreme Council of Youth (1996)" indicate that men go to cinema more than women.

c. Job: Type of people's job can affect their demand for going to cinema to some extent. Jobs differ from each other based on their free time. One reason for considering job as an important variable is whether that job provides free time for its doer or not and if yea how much time. Azma (2007) has shown in a study that people who are self employed, clerks, students and university students go to cinema more than people who have another jobs. According to the researches that have been done in America (Lin, 1976) and also in Iran, Kazemipour (1996) and Abdollahian and Nayebi (2003) people's job has been considered as an effective variable on demand for cinema.

d. Education: this variable has been used in the researches of Garboua and Montmarquette (2002) and Redondo and Helbrook (2010). Also Fardrou and Sedaghatzadegan (2000) have proved the existence of a

relationship between education and consumption of cultural products. As cinema is considered as one of the cultural products, this matter can be generalized to cinema as well.

e. Monthly Income: studies being done by different researches show that there is a direct relation between people's income and their demand for going to cinema. For example, outcome of studies of Cameron (2005) shows positive effect of income on demand for cinema. Moreover, some other researches such as researches of Dewenter and Westermann (2005), Yamamora (2008) and Collins and Hand (2005) approve this matter.

f. Household expenses or consumption costs: It refers to the minimum amount of money that individuals or households spend for buying goods and services that they need daily, weekly, monthly or annually. Studies of Blanco and Pino (1997) show that cultural products such as cinema are not considered as necessary good rather it is considered as luxurious products; therefore, in these researchers' opinion, as long as people's necessary needs are not supplied, there will not be any demand for luxurious products. If the expenses of one household be so high, the demand for cinema will decrease in that family. Consequently, this variable should be considered as an independent variable in cinema demand function.

5-Environmental factors: The variables that are being studied in statistical society such as existence of cinema in one neighborhood, academy in the region, type of cinema regarding its facilities, the distance between people' place and cinema and the extent of development of one neighborhood have been considered in studies of Walls (2005), Ravid et al. (2006) and Yamamora (2009). Each of these variables will be explained as follows:

a. Type of cinema regarding its facilities: It is an environmental variable that affects the demand for cinema. Studies of Walls (2005) and Yamamora (2009) show that if the cinemas have additional facilities and many saloons, people's desire for going to these cinemas will increase.

b. Degree of community development: As people live in different urban areas and theses regions are different from each other regarding their urban life style and the region's modernity, their demand are also different. In this regard, two researchers called Redondo and Helbrook (2010) in their case study in Spain have looked at urban area as one of the variable function of demand for cinema. Existence of cinema or academy in neighborhood and region: It is clear that as more urban facilities and equipment be available for citizens, their participation in activities and their use of urban services will be more; therefore, existence of cinema or academy in one region or neighborhood will affect people's

demand for cinema or similar facilities as people can have easier access to them.

Research background

Regarding cinema and films, significant studies have been done on available films, from economic, social, cultural aspects, process of film production and film industry in different countries around the world. In this regard, many models of supply and demand for cinema in form of different econometric function have been extracted. Some of the studies done in this regard include researches, such as: the relationship between cinema and other mass media including television, movies and culture of consumerism and the role that cinema has on the policy (Doherty, 2004), using well-known actors movie stars and the impact on production costs (Pokorny and Sedgwick, 2001), social aspects of movies (Aitken, 1990), identity, culture, and policy in cinema issues in some Asian and European countries (Lee, 2001; Everett, 2005), Economy of media market: review of literature (Dewenter, 2003), domestic demand for cinema in Spain (Vegas, 2009), the distribution and predictability of cinema audiences (Hand, 2002), promote demand for the arts (Zakaras and Lowell, 2008), small mythology and cultural issues in cinema (Martin, 2001), new developments in cinema (McCracken, 2005), marketing in film industry (Kerrigan, 2010), studying the demand for three-dimensional movies (Sluis, 2010), economy of cinema (McKenzie, 2009), the growth of Bollywood (Iorenzen, 2009), addictive behavior in film demand (Kim and Park, 2010), critics of cinema and studying their effect on the audience (Nielsen, 2010), and demand for going to cinema in Iran (Mousai, 2011) and many other similar studies in Europe and Asia. Some of the most important researches about demand for cinema have been briefly summarized in Table 1. External studies been done in verifying research literature can be divided into two groups as follows: first, a group of researchers that have allocated their studies to only economical aspects of cinema in form of dependent and independent variables that are measurable and in this regard they have estimated demand for cinema function by relying on only economic variables. The researchers of the second group have researched beyond the mere operation of economic factors and in addition to economic variables; they have also considered some other social and cultural variables affecting the demand for some of the movies and they have designed and proposed the relevant model.

Verification of the studies done regarding function of demand for cinema shows that in the world majority of studies about demand for going to cinema has just been done based on variables and current centralized economic variables in different societies. Also in Iran all of the related studies have been done solely on demand

for cinema and economic variables and the rest of factors have been ignored. Therefore, in this article besides economic variables, social, cultural, individual and environmental variables have also been analyzed and have been elicited based on conceptive research model. On the whole among the aforesaid conducted researches, studies done by Kim (2009) and Yamamura (2008) are closer to Iran's condition in regard to Iran's regional, population and to some extent social and other conditions; therefore, many variables that are related to their studies can be localized for Iran. Consequently, it can be seen that the demand for cinema in the statistical society that was being studied depends on some major elements.

Conceptual model

Our conceptual model in this study is designed based on generalized theory of demand in which besides economical variables other factors involving social, cultural, environmental and individual factors have been considered. In this model the demand for going to cinema in statistical society of our study depends on some important factors. These factors have been categorized into five basic factors i.e. economical, cultural, social, environmental and individual factors; these five factors and other relevant variables to each of them are Figure 6. As the figure shows economical factors in this research are set of variables and economical phenomenon that occur inside society and will influence on the demand for going to cinema which in this research would involve the variables such as income, ticket price or the relative prices, the side expenses of cinema and price of the relevant goods (complementary or substitute) and time of broadcasting TV programs. Also social factors means are a set of variables under research in society like: age, job and educational level of parents, income class, and status of home ownership and... cultural factors are variables like the used media, amount of free times, values, beliefs, advertisement and cultural education. By Individual factors it means a set of variables under study in society such as age, gender, job, individual's education, monthly income and And environmental factors also are variables like existence of cinema in a province, existence of academy in a region, the class of cinema with regard to its possibilities, individual's distance from cinema, degree of province's development.

Hypotheses of research

Based on the rendered theoretical frameworks hypotheses of this study are as follows:

Hypothesis 1: economical factors have significant effect on demand for cinema.

Table 1. Summary of researches about demand for cinema in the world.

Researchers	Year	Countries for Study	Method	Factors and Variables for Usage
Gambaro and Orietta	2009	15 European Countries	OLS	Demand for ticket, Price, Income, Cinema screen, Number of chair, Citizens
Sisto and Zanola	2004	13 European Countries	Panel-Data	Cinema attendance, Price, Per capita income, Screen, Number of Film, Demand for passed period
Macmillan and Smith	2001	England	VAR	Demand for Cinema, Real Price, Income, TV, Number of cinema, Age
Cameron	2005	England	GLS	Sold tickets, Real Price, Income, Number of TV, Number of cinema, Ticket price, Population, Inflation
Dewenter and Westermann	2005	Germany	2SLS	Demand for Cinema per capita, Ticket price , Income, Price of relative goods, Other effective variables
Collins and Hand	2005	England	Panel Data	Cinema consumers, Income, TV watching, Number of Cinema films, Video, Age groups
Sungo Kim	2009	South Korea	GMM and 3SLS	Main Variables: Demand for Cinema per capita, Ticket price , Income, Price of relative goods, , Price of Cultural goods, Domestic films, Import and export films, Number of TV, Population, Sells, Dummy Variables: Video product, TV import, Cable TV and...
Kim and Park	2010	South Korea	OLS ,2SLS	Cinema per capita, Ticket price, Per capita income, Price of Substitution goods, Demand for passed period
Yamamura	2008	Japan	2SLS	Number of attendance, Real price, Income, Number of multiplex, Number of Cinema, Population, Cable TV, Age
Walls	2005	Canada and US	Conditional stable distribution Analysis	Box-office returns, Negative costs, Cinema screens, Film stars and Others variables(as dummy)
Garboua, and Montmarquette Claude	2002	Canada	Utility Function	Demand for Art, Consumers taste, Price of art, Consumers education, Usage, Experience, Emotion, Income, Price of relative goods, Other effective variables
Ravid and Others	2006	US	Hypothesis	Case study about criticisms on 172 films in US based on random sampling
Redondo and Holbrook	2010	Spain	canonical correlation analysis	Number of attendance, Sex, Infants attendance, Education, Social classification, Urban zone, Age
Mousai	2011	Iran	Almost Ideal Demand System	Expenditure, Ticket price, Price of book and publication, Income, Index Price

Hypothesis 2: social factors have significant effect on demand for cinema.
 Hypothesis 3: cultural factors have significant effect on demand for cinema.

Hypothesis 4: individual factors have significant effect on demand for cinema.
 Hypothesis 5: environmental factors have significant effect on demand for cinema.

METHOD

Society and statistical sample

This study has been done with measurement method and

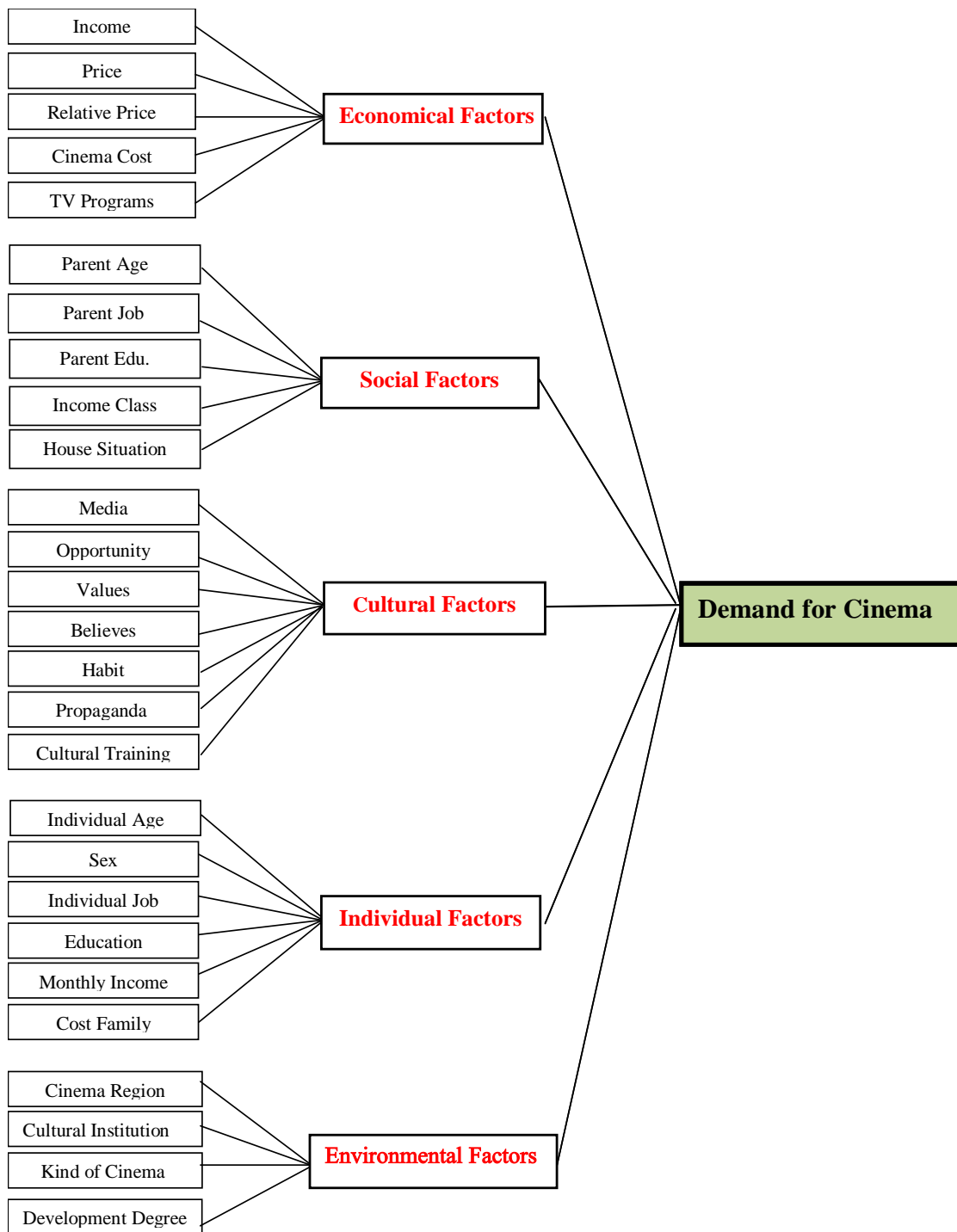


Figure 6. Conceptual model of research.

for gathering the required information we used questionnaire. Since the community under the current research is the whole cinema goers in Tehran city for estimating the number of sample society we used Cochran method. We got 800 people of the inhabitants of Tehran city; based on random sampling method the questionnaire was distributed among them. This research was done in May of 2011 and among 800 distributed questionnaire in the statistical

society, 200 questionnaires were incomplete and at the end 600 questionnaires were entered into the SPSS software.

Research Instrument

On the basis of theoretical literature and conceptual model of

Table 2. Descriptive findings including: Research variables.

Variable	Number	Percentage	Variable	Number	Percentage
Gender			Age		
Female	330	55	Under 15 years	10	1.7
Male	270	45	16-30 years	407	67.8
Education			31-45 years	119	19.8
None academic degree	40	6.7	46-60 years	59	9.8
Academic degree	560	93.3	Upper than 61	5	0.8
Employment Status			Five main variables		
Employed	458	76.3	Economic factor	25.98	32.40
Unemployed	142	23.7	Social factor	21.19	19.62
Marital Status			Individual factor		
Single	322	53.7	Cultural factor	45.72	46.79
Married	269	44.8	Environmental factor	28.80	51.18

research, a questionnaire containing 76 speeches and in level of five basic elements i.e. including: economical factors (15 items), social factors (12 items), cultural factors (17 items), individual factors (14 items) and environmental factors (12 items) was designed and collected. The marking method of this mean is on the basis of five degree spectrum of Likert and for assigning the admissibility of this questionnaire the method of conceptual admissibility was used based on the experts' view. To assign the stability of this mean we used Kronbach's alpha test where the amount of the resulted Kronbach's alpha is respectively 0.72, 0.71, 0.82, 0.75 and 0.7 which shows the proper stability of the measuring means. And this subject shows the inner coherence among the variables for measuring the concepts. For practical test of conceptual model of research the method of confirmatory factor analysis and the Lisrel structural equations model software was used. The method of confirmatory after distinguishing pre-practical factors, by assigning the pre-appointed fitness factor model the proper coincidence is seen and theoretical factor is structured to test the set of data. In this research for assessing confirmatory factor analysis model the characters X^2/df , RMSEA, GFI and AGFI was used.

RESEARCH FINDINGS

The findings in Table 2 show that 55% of answerers of this research were women and 45% were men. Besides, 53.7% of answerers were single and 44.8% were married and 1.5% was other cases. The other findings of the table show that 1.7% answerers were under 15 years old and 67.8% were between the age of 16 to 30 and 19.8% of them were between 31 to 45 and 9.8% were between 46 to 60 and 8% were above 61 years old. As it is clear, majority of answerers are between 16 to 30 years old. Moreover, 6.7% of answerers do not have university degree while 93.3% of them have university degree. The findings about occupation of answerers also show that 76.3% of them have jobs while 23.7% of them are unemployed. The average of five major factors of research including economical, social, individual, cultural and environmental factors is respectively 25.98, 21.19, 29.4,

45.72, and 28.80.

The results related to LISREL outcome (Table 3 and Figure 7) show that the variables of income, ticket price, price of relevant goods, other expenses of cinema and TV programs broadcasting time with load factor 0.53, 0.72, 0.74, 0.69, 0.17 respectively have significant effect on economic factor and the achieved t marks for each one shows that these load factors are significant at alpha level 0.01. On the other side, the findings showed that parents' age, parents' job, parents' education, income class and status of home have significant load factor on economic factor and these load factors are significant with regard to statistics ($p < 0.01$). Variables related to media, free times, values, beliefs, habits, advertisements and cultural training also respectively with load factors 0.65, 0.77, 0.22, 0.37, 0.67, 0.37 and 0.54 on significant level ($p < 0.01$) are of significant variables subset of cultural effect. In addition, findings of effective analysis showed that variables of age, gender, job, education, monthly income and household expenditure are part of significant variables of individual effect and load factors of these variables based on mark t related to each one of these loads at level $p < 0.01$ is significant.

At last, the findings showed that existence of cinema in precinct, existence of academy at region, kind of cinema with regard to possibilities and range of development in order with load factors 0.72, 0.64, 0.80 and 0.76 are of significant variables of environmental effect that influences demands for cinema.

Besides, findings related to Figure 7 show that economical factors with coefficient effect of 0.55 and with mark $t=11.55$ on alpha level 0.01 is significant; so first theory of research is acceptable. To inspect second theory of research with respect to Figure 7 we can say that coefficient effect of cultural factors on demands for cinema was 0.39 and this coefficient effect with mark $t=4.8$ on alpha level 0.01 is significant; so the second theory of research is also acceptable. Coefficient effect of cultural

Table 3. Coefficient and significant levels of variables and tested research model.

Economical Variables		Social Variables		Cultural Variables		Individual Variables		Environmental Variables	
Variables	Load and Amount of t	Variables	Load and Amount of t	Variables	Load and Amount of t	Variables	Load and Amount of t	Variables	Load and Amount of t
Price of related goods	.74 12.12	Parents job	.84 18.73	Leisure time	.77 16.2	Monthly Income	.81 13.8	Type of cinema regarding its facilities	.80 17.7
Monthly costs of cinema	.69 11.33	Parents education	.81 16.85	Habits	.67 10.9	Household expenditure	.77 15.6	Degree of community development	.76 15.4
Income	.53 7.37	Housing status	.57 8.22	Medias	.65 10.8	Occupation	.57 8.74	Existence of Cinema in the neighbourhood	.72 13.3
Ticket price of cinema	.72 11.62	Income classes	.47 8.20	Cultural Training	.54 9.82	Education	.44 6.33		
TV program show time	.17 2.48	Parents Age	.46 8.19	Advertisements	.37 4.42	Age	.44 5.82	Existence of Academy in the region	.64 10.4
		Parents job	.84 17.19	Belief	.37 4.13	Gender	.10 2.82		
Significance level	.000	Significance level	.000	Values	.22 3.67	Significance level	.000	Significance level	.000
				Significance level	.000				

factors on demands for cinema is also 0.40 with accounting mark $t = 6.36$; one can say that this amount of effect at level 0.01 is significant, so the third theory of the research is also acceptable. In addition to this coefficient effect of individual factors on demand for cinema is equal to 0.27 with coefficient effect mark $t = 3.96$; it is significant at alpha level 0.01. In this way the fourth theory is also acceptable. Finally, all the findings show that coefficient effect of environmental factors on demands for cinema is 0.18; this amount of coefficient effect at level 0.01 is

significant. So the fifth theory of the research is acceptable.

We can thoroughly say that all factors (economical, social, cultural, individual and environmental) are of effective factors on amount of demand for going to cinema, and with regard to amount of standard coefficients we should say that economical factors have the most and environmental factors the least influence on demand for going to cinema. With respect to LISREL outcome rendered on the table above, value χ^2/df is 1.19, χ^2/df smaller than 5 shows the suitable fitting of

the model; also root of mean error of approximation square mean should be less than 0.1; in the rendered model this amount is equal to 0.01. Amount of elements GFI, AGFI, NFI and CFI should be more than 0.9 that in model under consideration is 0.93, 0.9, 0.93 and 0.92. Also the amount of RMR should be less than 0.05 which in the model under consideration is 0.025. With respect to indexes and outcomes of the LISREL software. One can say that the given data relatively coincide with the model and the given indexes show that the given model is totally

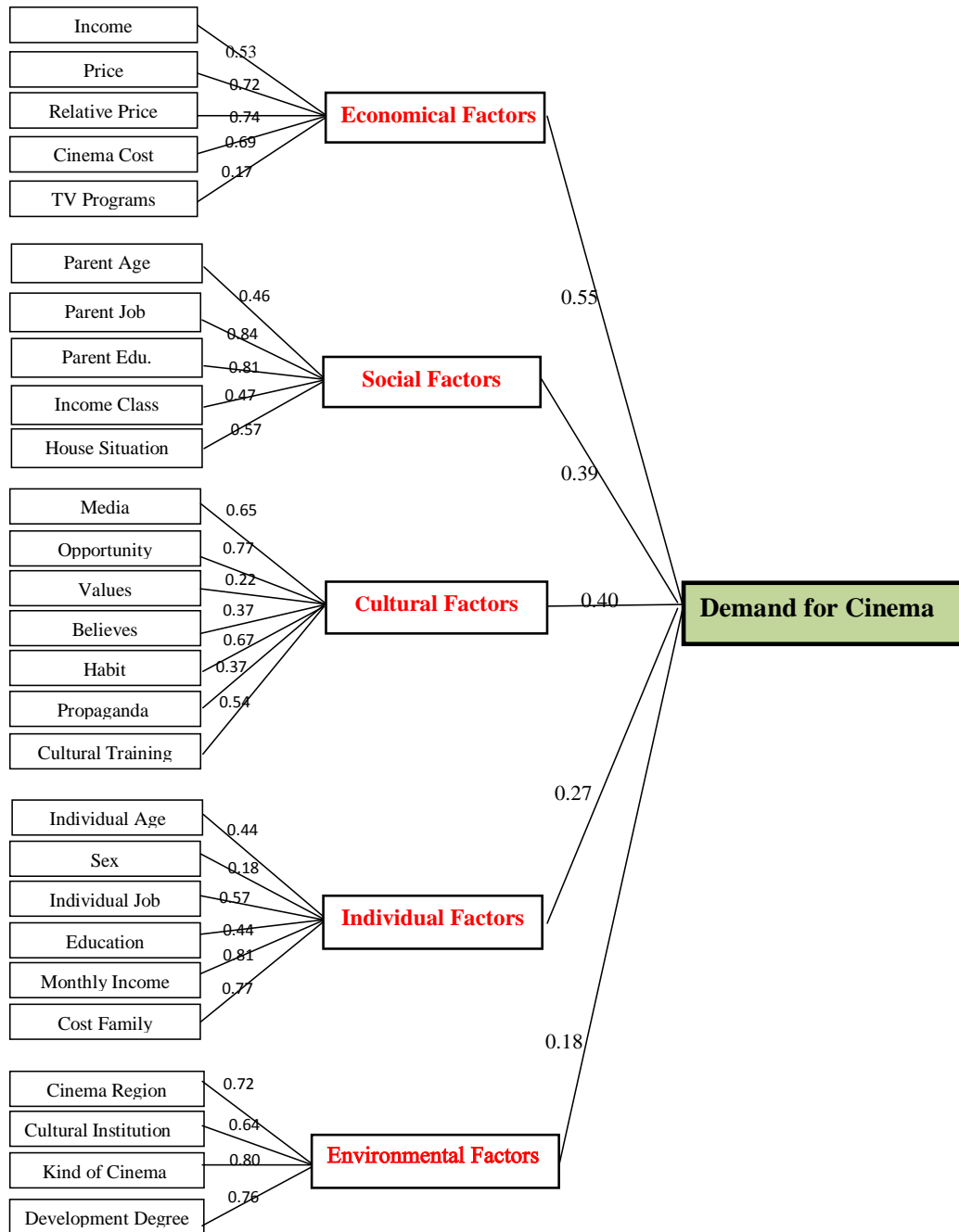


Figure 7. Research's examined and its coefficients for relationships among the variables.

suitable and the experimental data coincide well with it. Results of research findings are shown in Figure 7 and Table 3.

DISCUSSION AND CONCLUSION

Findings of the research show that economical effects

have great influence on demands for going to cinema. Research findings of Gambaro and Orietta (2009), Sisto and Zanola (2004), in this field show that there is a direct relationship between index of Individual income and their demand for cinema which is an increasing process. It means that if individual's income increases or decreases one unit, their demand for going to cinema at that direction with increasing coefficient also changes. Also

findings of Gambaro and Orietta (2009), Kim and Park (2010) have been in the direction of recent research and show that the ticket price and price of relevant goods have negative relationship with demand for going to cinema. Such that if ticket price changes, changes in demand for going to cinema would be in opposite direction and decreasing coefficient. Findings show that social factors also have significant effect on demand for going to cinema. Some of the researchers in this field emphasize on age as a social variable in demand for going to cinema. For example, Yamamora (2009) in his research has categorized people who demand for cinema between 20 to 60 years old. Other researchers also involved individual's age and job at their research. Findings of the research show that cultural factors have significant effect on demand for going to cinema. In this field Dewenter and Westermann (2005), Cameron (1988), believe that existence of rival media is a cultural factor that has influence on demand to go to cinema. Besides, in Iran also Azma (2007) and Fardrou and Sedaghat (2000) believe that free time has influence on demand for cinema. From scientists' point of view one of the most important reasons that people go to cinema is for fun and entertainment. Basically most scholars and cinema activists put more emphasis on entertainment as the most important role of cinema: cinema and watching movies is one of the most important choices for leisure times in modern societies that the lawmakers of public opinion with respect to all kinds of laws and possibilities encourage it. Passing free time in groups would bring health, individual and group happiness, thinking together, relationship with parents, relatives, friends, even other participants in this group happiness. On the other side, one of the effective factors in people's concern to cinema is the effect of watching video movies, lawful or unlawful. In other words, the problem is that Iranian cinema is confronted with the serious problem of rivalry with video that in this confrontation mostly video has been the winner. In addition this finding shows that individual factor also has significant effect on demand for cinema. In this field, findings of Gambaro and Orietta (2009), Kim and Park (2010) and many of researchers show that education and monthly income which are of Individual effects are influential on demands for cinema. One of the important environmental factors influencing demand for cinema is development of the region. In this field we can say that people living in regions which economically are stronger than others, have more possibilities for entertainment and coming and going to cinema; so they go to cinema more than others.

MANAGERIAL IMPLICATIONS AND SUGGESTIONS

According to the findings of this article, standard index for five major factors of demand for cinema indicate that

among all of the factors, economical and cultural factors are of much more importance; therefore, officials and policy makers are advised that in their long term planning and developmental plans in cinema industry, to give priority to economical and cultural factors that have influence on demand for cinema. According to the research findings, among economical variables, comparative prices (price of the related goods) and the income related of the clients of cinema respectively are of more importance; consequently, any type of sudden and intense alternation in these factors can evoke audiences' sensitivity. Therefore, policy makers are advised that if they want to increase the price of ticket, this increase should be gradually and invisibly so that it does not lead to sharp and sudden decrease in demand for cinema. Among effective cultural variables on cinema demand, free time is of the most important ones, so having enough free time greatly influences the increase of demand for cinema. Therefore, if the governments try to provide more free time for people especially for the employees, the demand for cinema will be increased. As a result, policy makers by use of different types of media such as radio, TV, newspaper and things alike, can have constant and long term program in their work plan so that they can enhance the culture of going to cinema.

According to the findings of this research there is a meaningful relationship between media (such as satellite, internet and etc.) and demand for cinema; therefore, media-cultural policy making in Tehran by the related organs should be in the way that their movies can compete with programs of TV, satellite, video, home cinema and cinema industry should not be weakened by these programs. Otherwise, in long term cinema industry will be hurt. As the expenses of going to cinema such as ticket price and other additional expenses are of the effective factors of demand for cinema, it is recommended the governments to seriously support movie producers by giving some part of ticket expense and as a result due to social, cultural and educational aspects of this kind of movies they can help to control and decrease some social problems more actively. Confrontation of cinema with media (especially different international satellite channels) and also extreme production of visual productions in the last two decades has lead to reduction of demand for cinema. It is suggested that in order to motivate more audiences to use cinema productions, ask the producers to improve their products not only regarding their quantity but also their quality. According to the findings of the current finding the ongoing advertisement has no significant effect on demand for cinema. Therefore, considering the development of the recent propagatory technologies around the world, it is recommended that producers of cinema products use new and modern propagatory methods and beside traditional ways of advertising like on TV or Billboards around the city use modern ways of advertising in order to motivate the

audiences and increase their demand for cinema. Another finding of this research indicates that in the less developed areas of the city lack of enough development has decreased the demand for cinema in those areas. Therefore, it is suggested to the cinema investors to establish some mobile cinemas in some highly populated areas that do not have easy access to cinemas whether temporarily or permanently, so that in this way they can answer to demand of these people for cinema and besides enjoy the great deal of financial benefit from the areas that are so profitable for investment. Also for the future researchers there are some other recommendations that will be proposed as follows: It is suggested to the researchers to study the effective factors on demand for cinema based on conceptual model of this research in other cities or countries and compare their results with the outcome of this project. In this project five major effective factors on demand for cinema have been specified. As some other factors such as political, behavioral and psychological factors may have potential impacts on demand for cinema, it is suggested to search about these factors and also the other unknown factors in the next researches. Due to the fact that additional expenses such as transportation and food expenses are of very effective factors on demand for cinema, it is advised to search about the way that these expenses affect the demand for cinema through some special researches. It is suggested that a similar research based on conceptual model be conducted throughout the country or big cities and its outcome be studied.

Research limitations

There are several limitations that should be considered when interpreting these results. First, survey data based on self-reports may be subject to social desirability biases, common method variance and response distortion due to ego defense tendencies were a concern. Second, the data were cross-sectional in nature and this limitation prevents the inference of causality. This allows us to analyze only a specific situation in time of the individuals, not their overall conduct over time; thus, future research should focus on a longitudinal study. Third, the sampling of the study imposed limitations as to the generalizability of the obtained results. We concentrated only on cinema audiences in Tehran city. Audiences from other province may supply different results. Furthermore, cautions should be taken while using the results in different cultures. It is important to note that readers should be cautious when generalizing the results to different cultural contexts.

Conflict of Interests

The authors have not declared any conflict of interests.

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Full Length Research Paper

Strategic orientation and performance of agro-based firms in transition economy

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Strategic orientations indicate organizational leanings and approach to competition and competitive behaviours focused at achieving competitive advantages. This study explores the impact of strategic orientation dimensions on corporate performance of agro-business industry. The study based on questionnaires administered to selected Agro-based firms in Lagos and Ogun utilized descriptive statistics, Pearson's correlation to analyze the data obtained for the study. Results of data analysis showed that there exist positive relationship between strategic orientation dimensions and corporate performance. However, riskiness dimension was found not to correlate with financial and business dimensions of performance. The study recommend that the adoption of appropriate strategic orientation by agro-based firms to enhance their competitiveness and improve their overall operations.

Key words: Strategic orientation, strategic orientation dimensions, corporate performance, Agro-based firms, Strategy

INTRODUCTION

Strategic orientation involves the implementation of strategic directions that guide the activities of a firm to establish behaviours that achieve continuity in optimal performance for the business (Hakala 2010; Liu and Fu, 2011; Jeyakodeeswari and Jeyanithila, 2013). Understanding strategic orientation dimensions is important in revealing organization's chances and ability to align with environment (Choy and Mula, 2008) to secure competitive advantage for itself (Abiodun et al, 2011). Organizational strategic orientation aims at positioning it for superior performance and sustenance of competitive advantage above its rivals. The Nigeria Agro-business industry is fast gaining strategic focus due to the increased need and pressure to diversify nation's

economy and also reduce the dependence of the country oil for her foreign earnings. The industry has massive potentials of economic benefits for the nation, in terms of creating employment opportunities and repositioning Nigeria as a major world exporter of basic food and industrial commodities in commercial quantities.

In terms of performance, evidences seem to point that the Nigeria Agro-business industry is being largely under-utilized (Ukeje, 1999; Manyong et al, 2005). Over 30 million hectares of Arable land is available in the nation. Reports hold that the agriculture sector with a growth rate of about 5.1% per annum is the slowest growing sector (Obinna, 2012). It is estimated that "by increasing yield and acreage, production growth rate may

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rise to 160% by 2030, rising from \$99 billion in 2010 to \$256 billion in 2030" (Alliance for Green Revolution in Africa – AGRA, 2012). Furthermore, there are evidences of failure in the integration of modern technological processes in the production of high value commodities. There also exist poor linkages between farmers and processors in the production processes which have resulted in the low productivity level of the industry. This can be attributed largely to inefficient integration of inputs, farm production and products processing (Uduji et al, 1994). Situations of unavailability of required funds, and the failure to channel funds to agro-business entrepreneurs when they are available are also major challenges to the sector. The foregoing points to the need for a strategic shift that will serve as problem-solving steps for re-positioning the industry; consequently, this study is focused on examining the strategic orientations dimensions that impacts on the performance of agro-based firms in Nigeria. This effort is both theoretically and empirically beneficial given the dearth of research efforts in this areas and the gap that this has created in literature. The link between strategic orientation dimensions and performance of the Agri-business industry in Nigeria is quite scanty. Therefore, this study aims at providing empirical facts to fill this gap.

Strategic orientation dimensions

Strategic orientation is a concept that has gained wide research attention either in the field of strategic management (example, Aragón-Sánchez and Sánchez-Marín, 2005; Slater et al., 2006; Choy and Mula, 2008; Liu and Fu, 2011), or as an interdisciplinary concept involving entrepreneurial orientation, marketing orientation and learning orientation (example, Zhou et al., 2005; Arguelles and Bautista, 2007). Entrepreneurial orientation according to Lumpkin and Dess (1996), cited in Callaghan and Venter (2011) consists of five dimensions, namely, innovativeness, competitive aggressiveness, risk-taking propensity, autonomy and proactiveness. Boohene et al. (2012) suggest that Entrepreneurial orientation is a key driving force for a free market economy, thereby having a major influence on the demand and supply factors of the economy. Mehrdad et al, (2011) suggests that Entrepreneurial Orientation can be considered as the processes, practices, philosophy, and decision-making activities that lead organizations to innovation. A marketing orientated approach suggests that the business reacts to what customers want. The decisions taken are based around information about customers' needs and wants, rather than what the business thinks is right for the customer. Studies that revolve around market orientation emphasis the important role of customer satisfaction in achieving greater customer loyalty, which in turn result in better organizational performance (Hassan, 2012).

Learning organizations can be described as "organization skilled at creating, acquiring and transferring knowledge, and modifying its behaviour to reflect new knowledge and insights" (Ngesu et al, 2008). The increasing competitiveness and pressing need to establish competitive advantages through innovations has resulted in considering learning a major stimulus to firm's innovativeness (Ma'atoofi and Tajeddini, 2010). On an increasing basis "organizational researchers realize that an organization's learning capability will be the only sustainable competitive advantage in the future" (Yang et al., 2004). Farrell (1999) identified antecedents of learning orientation to include structure and environment. The structural connotation holds that organization with decentralized structures and share information by elimination all constraints to information flow will be more learning oriented than highly centralized and formalized structures. Three environmental variables impact on learning organizations: market turbulence, competitive intensity and technological turbulence.

Theoretical perspectives of strategic orientation

Miles et al. (1978) developed a theory based on an in-depth cross-industry study and suggested that there are three superior performing business types and all others are average or less than average. Their theory holds that in order to be superior, there must be a clear and direct match between the organization's mission/values (their definition), the organization's strategies (their basic strategy set), and the organization's functional strategies (their characteristics and behavior) Kulzick (2000). Four typologies of organizations were identified as respondents to these problems: prospectors, defenders, analyzers and reactors. Prospectors are highly innovative firms constantly engage in a search for new opportunities and markets through a continuous process of experimenting with potential responses to emerging environmental trends (Barney and Griffin, 1992). They are growth and risk oriented. They are also identified as "creators of change and uncertainty to which their competitors must respond" (Miles et al., 1978 cited in Gimenez, 2000). Specific strategic characteristics that Kulzick (2000) identified with prospectors include: changing structure and technology, technologies in people not machines, planning is broad not intensive, product based structure, less division of labour and low formalization, complex and expensive coordination. Defenders concentrate on protecting their current narrow product-market. They show little concern about any outside search for new opportunities and rather pay attention to maintaining stable growth and improving efficiency in their current market. It is not unlikely that firms operating with a prospector strategy will switch over to a defender strategy. They are also characterized by stable structures and processes, in depth rather than

extensive or broad planning, and centralized control. *Analyzers* are firms that combine the prospector and defender types of strategies. They engage efforts to minimize risk while maximizing profit opportunities, therefore picking on the strength of both the defender and prospector. Reactors exhibit a pattern of inconsistent and unstable adjustments to their environment. Most often, the reactor strategy arises as a result of improper implementation processes in one of the other three strategies. Organizations that fall into this category are likely characterized by ambiguous strategies, lack of the strategy – structure relationship, and the failure to link up such relationship with environmental changes.

Porter (1980) explained three “generic strategies” in his book *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. These strategies provide important support to outperform competitors keeping in view the five competitive forces. The generic strategies are: Overall cost leadership, differentiation and focus strategies. Overall Cost Leadership, strategy targets incurring the lowest possible cost relative to competitors. This strategy therefore requires management concentration on cost minimizing and control measures and an aggressive implementation of efficiency of scale in production, supply and distribution, advertising, research and development, sales force, and so on. This strategy can be achieved through managerial experience, well implemented functional policies targeted at this purpose, high market share, proximity to raw materials, and so on. However, the operationalization of the strategy must not assume a reduction on quality, required customer service and other important aspects. The overall cost leadership strategy comes with gains such as above average returns despite tough industry competition. It also protects the firm against the five competitive forces. However, the demands of achieving an overall cost leadership include heavy investment in updating technology, aggressive pricing and likelihood of trading off initial profit margins to gain high market share. Differentiation strategy is one that presents “the product or service offering of the firm, creating something that is perceived industry wide as unique”. Differentiation for a firm can be applied along different dimensions, for example, a company’s product, say a car manufacturer that involves different component can be differentiated along these component dimensions. Although, differentiation sometimes can come with high cost demands, it is beneficial for achieving above average returns. Focus strategy involves giving attention to a particular buyer group, segment of the product line, or geographic market. Unlike the first two strategies discussed, the focus strategy concentrates on serving a particular market group very well rather than achieving industry wide objectives. A firm operating on the focus strategy can either engage in differentiating its products for its served, market or achieve overall cost leadership. Alternatively it can achieve both.

In 1989, Venkatraman proposed a set of strategic orientation variables that are applicable at the business level. Popularized as “STROBE”: Strategic orientation of business enterprises, this dimension consists of six items. They are: aggressiveness, analysis, defensiveness, futurity, proactiveness and riskiness. Aggressiveness dimension measures the business ability to engage organizational resources in executing aggressive strategies and the pursuit of increased market share as a means to achieving business unit profitability. The aim of the firm is to possess higher market share ahead of competitors (Abiodun, 2009). This strategy takes the form of cost leadership (Porter, 1980; Miller 1988; Wright et al 1992; Thompson and Strickland, 1999; Hitt et al, 2007; Chang et al, 2002), explosion and expansion strategy described by Wissema et al (1980), product innovation (Schuler and Jackson, 1987; Miller, 1988), price and image differentiation (Mintzberg, 1988). Analysis refers to the ability to investigate deeply into the foundational causes of problems and develop the best alternative solution as a way of problem-solving. It relates to the maintenance of internal consistency in the resource allocation strategies towards the achievement of corporate objectives. The alignment of resource allocation and competitive intelligence are important issues of consideration (Abiodun et al, 2011). Defensiveness reflects the firm’s emphasizes on defense strategies over its core technology and product-market domain through the use of cost minimization and techniques that achieve operational efficiency. This posture is related to the defender trait described by Miles et al. (1978), defensive actions (Miles and Cameron, 1982), niche marketers (Miller, 1988), cost reduction (Schuler and Jackson, 1987) and niche differentiation (Ward et al, 1996). Futurity is the extent to which decisions that relate to possible future occurrences are seriously engaged. It reflects issues like sales forecast, possible changes in customer preference, and tracking of environmental changes. It is manifested by a firm’s incorporation of its vision of the vision as a strategic concern (Stambaugh et al, 2011). Proactiveness reflects the firm’s constant engagement in the search for new market opportunities, the first mover in the introduction of new products, while old products are strategically withdrawn from markets. It shows the degree of the firm’s experimentation with marketing research responses (Venkatraman, 1989). It explains a firm’s drive for first mover position in the market (Chang et al, 2002), and a search for new opportunities (Miles et al., 1978), and the pursuit of new markets through the engagement of value innovations. Riskiness captures the extent of riskiness of the firm. This is reflected in its choice and criteria over resource allocation decisions and the general pattern of decision making. Firms characterized with high risk strategies may be trading-off with lower profits than expected (Söderbom, 2012).

This research paper adopts the STROBE dimension

introduced by Venkatraman (1989). The justification for this is contained in the fact that unlike other dimensions that basically classify strategy, STROBE view strategic orientation along specific dimensions which are common to all firms (Morgan and Strong, 2003).

Strategic orientation dimensions and corporate performance

Fauzi et al. (2010), defined corporate performance as the organization's ability to attain its goals by using resources in an efficient and effective manner. The performance of organizations consists of both qualitative and quantitative factors (Popova and Sharpanskykh, 2010), such as profit, cost, number of clients, and so on. Liu and Fu (2011) observed the varying relationships between strategic orientation and performance from one organization to another, therefore in cases where no direct relationship is found, they suggest a moderating and mediating effect. In their opinion, a moderator "explains how the dependent variable is affected by independent variables". Therefore, moderating effect reveals that existing causal relationships between two variables will vary as the moderators assume different values. Mediators on the other hand show the "internal reason between independent variable and dependent variable". In another study Slater et al. (2006), demonstrated that strategic orientation itself could serve as a moderating influence in the relationship between elements of strategy formation capabilities and performance.

MATERIALS AND METHODS

The research made use of the survey research design. A cross sectional design was adopted. A sample size of 210 agro-based firms was surveyed of an estimated population of about 1500 registered agro based firms in the study locations. This represent 14% of registered Agro based firms in the study area. The sampling techniques adopted for this study include convenience sampling and the purposive sampling. The justification for this sampling approach is anchored on respondents' unwillingness to supply information in some of the firms intended for the study and non-response from others to consent to use the firm. Therefore, participants and firms willingness to participate in the study was a key issue for inclusion in the sample. A major advantage of the chosen sampling techniques is that they produced an unbiased answer from respondents and openness to follow-up interview where clarifications were required.

Furthermore, the choice of the study area was largely influenced by cost of survey, time, logistic problems and accessibility. However, sampling within the organizations involved the use of stratified sampling approach as well as purposive sampling. In each of the sampled organization the top hierarchies form strata which were purposefully sampled to include key organization officers. This is due to the fact that strategic issues demand the attention of well-trained officers which are usually located at the top echelon within the organization. Low cadre officers, below the rank of manager were excluded from the sample. Data used for this study was obtained from both primary and secondary sources.

The primary sources include the administration of questionnaires on: Managing Directors, Chief Executive Officers and Functional Managers of Agriculture producing firms. Most of the items in the questionnaire were adapted from the instrument developed by Venkatraman (1989), with modifications to suit the current need and industry of the study.

The instrument was organized into three sections, A to C. Section A contain the background information of the respondents. This was designed to capture the respondent's status, demographic information and eligibility to respond to the questions. Section B focused on questions that are firm specific. It is focused on obtaining information relating to the characteristics and operations of the firm. It basically inquired into the date the company started operations and the number of employee presently serving in the organization. Section C dealt with questions that relate to the thrust of the study. The section is divided into two parts. The first section provides information that enables us to gain insight into the strategic orientations of the firms. Therefore, questions were focused on the basic orientations of aggressiveness, analysis, defensiveness, futurity, proactiveness and riskiness (Venkatraman, 1989). Each of these were scaled using a 5-point likert scale. The second segment focused questions on the performance variables. Following the works of Wang et al. (2010), three variables were adopted: Financial, business and effectiveness dimensions of performance.

A total of 193 questionnaires was retrieved and adjudged suitable, which formed the basis of the analysis in this study, which is 91.9% response rate.

RESULTS AND DISCUSSION

An analysis of the questionnaires by total responses showed that 50 respondents, that is 25.9% have less than 5 years working experience. 67 (34.7%) obtain between 5 to 10 years working experience, while 29 (15.0%) have experienced 11 to 15 years of working in the agricultural business. 47 (24.4%) have worked in the business for 16 years and above. The largest number of respondents are those who are Managers in the organization, consisting of 96 of the respondents (49.7%). 24 respondents (12.4%) occupy positions of Chairman/M.D., while only 14 respondents (7.3%) are CEO/Deputy M.D. Senior managerial position consists of 59 respondents (30.6%). 170 respondents, that is 88.2% have a minimum of first degree while only 23 respondents (11.9%) have less than first degree. This reveals that apart from experience gathered on the job a large number of respondents attained reasonable level of education to respond to the questionnaire. A large number of 108 firms, that is, 56.1% of the firms started before the year 2000. This reveals that majority of the firms are well established in the agricultural business. The remaining 85 firms (44.0%) have existed from 2000 to date. 179 respondents (92.7%) work in organizations with staff capacity of between 1 and 299. This shows that most firms in the agro-based business are small and medium enterprises. Only 14 respondents (7.3%) work in organizations with 300 and above staff capacity

Table 1 shows the descriptive statistics of respondents on the various dimensions of strategic orientation dimensions. The table reflects the degree to which firms

Table 1. Descriptive statistics of strategic orientation dimensions.

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Aggressiveness	193	3.9573	.84227	-.492	.175	-.667	.348
Analysis	193	4.3506	.43666	-.973	.175	1.845	.348
Defensiveness	193	4.3109	.55480	-1.161	.175	2.066	.348
Futurity	193	4.1801	.60189	-.531	.175	-.201	.348
Proactiveness	193	3.9870	.73719	-.861	.175	.834	.348
Riskiness	193	3.2394	.71159	.314	.175	-.596	.348
Valid N (listwise)	193						

Table 2. Descriptive statistics of corporate performance items.

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Financial Performance	193	3.9469	.74658	-.729	.175	.280	.348
Business Performance	193	4.2263	.63194	-.896	.175	.677	.348
Org Effectiveness	193	4.0743	.78374	-.839	.175	.689	.348
Valid N (listwise)	193						

in the Nigeria agro-business industry engage each of the six dimensions of strategy in their business operations. It is evident that on a likert scale where 5 is the maximum, industry players give strong recognition and support to the role of aspects of strategic orientation. This also goes on to inform that there exists a high awareness of aspects of strategic orientation in the industry. The most prominently engaged strategic posture is the analysis orientation (mean = 4.35). Arguments to support this claim could result from the fact that the agro-business industry is faced by several sever challenges that require firms to seek problem solving measures in order to survive the pressures of the industry (Ukeje, 1999; Manyong et al., 2005). There are also high engagements of defensiveness orientation (mean = 4.3) and futurity orientation (mean = 4.2). The implication of such defensive actions could be traced to the pressures faced by local industry players from their foreign counterparts. Therefore, firms strategically make efforts to secure their present product-market domain. Actions relating to future expansions and growth also gain the focus of the firms. However, firms seem not to be well inclined to the riskiness orientation (mean = 3.2). The supporting evident for this can be explained by factors such as several failures in government support policies that could have aided the growth of the industry, the slow growth of the industry and the uncertainties that surround price control mechanisms and the Nigeria agricultural market (Grandval and Douillet, 2011; Obinna, 2012).

Table 2 shows the descriptive statistics of performance variables. The statistical figures for the multi-item index

of each performance variable reflect the firms' competitiveness in the industry. The above table reflects an above average performance index. Business performance seem to be the most prominent aspect of optimal performance (mean = 4.2). Policies that surround organizational effectiveness also seen to be given due consideration (mean = 4.1). In other words, firms ensure that employee related policies, market share sustenance and expansion strategies and innovativeness gain good degree of management focus. Aspects of financial performance appear to be lowest (mean = 3.9), but even at that is quiet high. Table 3 shows the correlation between the dimensions of strategic orientation and financial performance. The financial performance of the firm has a positive and significant correlation with the aggressive, analysis, defensive, futurity, and proactive dimensions of strategic orientation. However, financial performance has no correlation with the riskiness dimension. It holds that the riskiness trait of a firm does not necessarily result in higher financial performance.

Table 4 summarizes the correlation relationship between strategic orientation dimension and business performance. The results reveal that business performance has a positive impact on aggressiveness, analysis, defensiveness, futurity, and proactiveness strategic orientation dimensions. The conception about riskiness dimension shows that it does not have any relationship with business performance. In other words, the risk taking attribute of a firm does not necessarily lead to better business performance. Table 5 shows the significant relationship between strategic orientation

Table 3. Zero-order correlation coefficient of strategic orientation dimensions and financial performance

	1	2	3	4	5	6	7
Aggressiveness	1						
Analysis	.385**	1					
Defensiveness	.303**	.559**	1				
Futurity	.443**	.621**	.456**	1			
Proactiveness	.444**	.330**	.314**	.578**	1		
Riskiness	-.071	-.184*	-.166*	-.274**	-.124	1	
Financial	.188**	.437**	.379**	.410**	.270**	-.092	1

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

* Correlation is significant at the 0.05 level (2-tailed)

Table 4. Zero-order correlation coefficient of strategic orientation dimensions and business performance

	1	2	3	4	5	6	7
Aggressiveness	1						
Analysis	.385**	1					
Defensiveness	.303**	.559**	1				
Futurity	.443**	.621**	.456**	1			
Proactiveness	.444**	.330**	.314**	.578**	1		
Riskiness	-.071	-.184*	-.166*	-.274**	-.124	1	
BusinessPerformance	.251**	.525**	.456**	.454**	.328**	-.087	1

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

* Correlation is significant at the 0.05 level (2-tailed)

Table 5. Zero-order correlation coefficient of strategic orientation dimensions and organizational effectiveness

	1	2	3	4	5	6	7
Aggressiveness	1						
Analysis	.385**	1					
Defensiveness	.303**	.559**	1				
Futurity	.443**	.621**	.456**	1			
Proactiveness	.444**	.330**	.314**	.578**	1		
Riskiness	-.071	-.184*	-.166*	-.274**	-.124	1	
Org Effectiveness	.422**	.581**	.565**	.624**	.381**	-.142*	1

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

* Correlation is significant at the 0.05 level (2-tailed)

dimensions and organizational effectiveness. There is a significant positive relationship between aggressiveness, analysis, defensiveness, futurity, and proactiveness dimensions of strategic orientation and organizational effectiveness. The riskiness dimension also shows a relationship with organizational effectiveness, however, it appears to be a negative relationship. This implies that for every change in the risk taking attitude of the firm, there will be a significant decline in organizational

effectiveness to the tune of 14%.

MANAGERIAL IMPLICATIONS AND CONCLUSIONS

Findings from this study present empirical evidence that have significant implications to management. The findings of this study show the importance of strategic orientation dimensions to performance of corporate

organizations. Firms can improve their business processes and achieve better effectiveness and efficiency through the engagement of strategic approaches. Firms that desire better financial performance may strive to adopt a strategic orientation that emphasize basic aspects of their income generation and management activities such as sales growth objective, investment decisions, employee productivity goals and net income growth. Businesses can also improve their, positioned their corporate image to attract professionals, and achieve better employee motivation by engaging strategic orientation. The study also revealed that strategic postures impact significantly on the effectiveness of organizations.

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Full Length Research Paper

Assessing the role of branding in the marketing of pharmaceutical products in Ghana: A case of three pharmaceutical companies

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The importance of branding as a tool for differentiation in the highly competitive pharmaceutical industry in Ghana has come to the forefront due to competition and the influx of fake drugs. The purpose of this study was to assess the perception of managers about the strategic role branding plays in the marketing of pharmaceutical products in Ghana. Sixty respondents were sampled from three pharmaceutical companies. A structured questionnaire was used to collect data from respondents. Data was analysed using descriptive and inferential statistic using Statistical Package for the Social Sciences (SPSS) software. The findings of the study indicate respondents perceive that branding plays a significant role in the sale of pharmaceutical products, helps consumers to easily identify with the brand and helps pharmaceutical companies in communicating tangible differences of their brands to differentiate them from competing brands. The study further revealed that there exists a significant relationship between perceived roles of branding marketing of pharmaceutical products. Finally, the study clearly shows that the major challenge confronting pharmaceutical companies in Ghana is the sale of imitated pharmaceutical products on the market. The study recommends that management of pharmaceutical companies seek government support in terms of stricter enforcement of laws governing imitation of pharmaceutical products and also improve upon their quality and packaging.

Key words: Branding; consumer decision making, pharmaceutical industry, Ghana.

INTRODUCTION

Business organisations the world over whether service or manufacturing, have by and large recognised the critical role branding plays in business progress. In contemporary marketing practice, branding has become an

effective weapon marketers use to bolster their competitive advantage and thereby enhance the achievement of their predetermined objectives. Branding has been used for decades as a means of differentiating one

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manufacturer's products from those of other manufacturers. A good understanding of consumer-based brand equity is crucially important in understanding branding and the advantages it offers. Branding helps organisations to attain brand equity. Brand equity is the differential positive effect that brand knowledge has on consumer response to the marketing of a brand. A brand with a high brand equity index is often described as a strong brand. According to Kumar and Meenakshi (2006), brand equity consists of brand awareness, brand associations, perceived quality, brand loyalty and other proprietary brand assets such as patents, trademarks and channel relationships.

Pharmaceutical branding is an important way to create awareness and generate interest and increased confidence among potential customers. Since branding essentially helps in differentiation of a product by setting it apart from others, it has become a critical element in the organisation's positioning strategy. Positioning is the way by which marketers attempt to create a distinct image or impression in the mind of the customers or prospects (Kotler and Keller, 2009). The pharmaceuticals industry in Ghana is one of the sectors of the economy harnessing the power branding to attain competitive advantage in the marketing of its products. The case for branding in the pharmaceutical sector is partly accentuated by the sensitive nature of pharmaceutical products and the need for brand credibility to obviate perceived risk and to guarantee product quality. Over the years, there has been a steady growth of the pharmaceutical industry in Ghana of which most of the major players produce their own drugs and augment their production with imports from their international partners. This has culminated in mounting competition and in some cases unfair competition owing to the influx of fake drugs in the market. Pharmaceutical products manufactured by pharmaceutical companies in Ghana are normally distributed through pharmaceutical wholesalers, pharmacies, licensed chemical stores, hospital, clinics and even street vendors thus, making strict quality control a serious challenge.

According to Schuiling and Moss (2004), a brand is a name that will register the product in the consumers mind as a set of tangible and intangible benefits. As a marketing tool, branding is not just a case of placing a symbol or name onto products to identify the manufacturer, a brand is a set of attributes that have a meaning, an image and produce associations with the product when a person is considering that brand (Pickton and Broderick, 2005). Berkowitz et al. (1998) identify branding as important not only for manufacturers but also for retailers and consumers. Retailers' value branding because consumers shop at stores that carry their favourite brands. Some retailers have created their own private brands to further promote customer loyalty.

The main purpose of branding is product identification, building of trust and credibility thereby increasing

profitability through the general acceptability of the product. Branding is important to both customers and marketers. From consumers standpoint, branding simplify product choice. Without brands, consumers would have to bear the onerous task of having to evaluate the non-branded products in a product category whenever they went shopping. They could never be sure they were purchasing the specific desired products. Branding also ensures precision in product selection and choice which is an added value to the consumer in his product search and evaluation. Organisations with strong brands have the luxury of charging premium price even in the face of mounting competition. Branding also serve as entry barrier thus insulating firms against competitive forces. In the wake the rising spate of imitation, a strong brand can act as legal devise that provides legal protection against counterfeiting.

Given the growing understanding of branding as a tool for creating competitive advantage through the provision of tangible and intangible benefits, no savvy marketing organisation can be expected to overlook the benefits of branding. Branding identifies the firm that manufactures the product thus reduces the risk of post purchase dissatisfaction. Branding is vital as it helps to target new market segments using brand extension strategy. By simply extending the brand, different markets can be reached. Branding also helps when introducing new product lines. Customers are more willing to adopt new products that carry known brands. Finally branding enhances the reputation of company. Branding therefore plays a major role in the performance of any organisation whether small or large, service or manufacturing, for-profit or not-for-profit. The pharmaceutical industry has not been particularly effective in leveraging the power of their brands relative to their counterparts in consumer goods markets. This is primarily because pharmaceutical products have always competed against each other based on functional attributes (clinical and product related features). However with patent expiry, this has become a difficult situation as generics create competition in the market. Additionally, with improvements in healthcare delivery system, it has become possible for more and more drugs to be purchased over the counter thereby increasing consumer power in the healthcare delivery system.

Pharmaceutical branding currently trails fast moving consumer goods (FMCG) due to the multiplicity and diversity of techniques employed by the FMCG counterparts. In the FMCG industry, the role of brands as a source of competitive advantage has been well developed as organisations incorporate brand thinking early in the product development process while galvanising all departments towards developing a consistent brand image (Schuiling and Moss, 2003). Coca Cola, Pepsi, Budweiser, Nescafe, which are leading FMCG brands, have created a distinct identity for themselves through leveraging a unique and consistent branding appeal. The

power of branding in some instances has been so compelling that the Nescafe brand for example, is often used as a generic that is synonymous with coffee. This is the hallmark of an effective corporate brand strategy. The pharmaceutical companies, in the past, have focused on developing 'products' rather than brands. The traditional sources of value creation have been through extensive research and development (R&D). Brand managers in pharmaceutical companies usually take the help of expensive clinical data to demonstrate how their products differ from their competitors. This difference is often used as the basis for differentiation as it is easy to sell a "tangible" functional difference.

In recent times, the issue of fake drugs has come up as a topical issue due to the preponderance of fake drugs in the Ghanaian market thereby raising serious concern about quality issues to key stakeholders such as the health ministry, the government and the general public. Whilst ensuring superior quality of pharmaceutical products is fundamental to winning user confidence, an equally important, if not more important is the assurance or guarantee that a strong brand promises. Positive brand associations act as a promise from the brand owner to the customer (Light, 1997). Organisations that have thriving brands have a coherent, company-wide understanding of the unique benefits of their brand (Kotler and Keller, 2009). The difference between a branded product and its non-branded counterpart is that the brand communicates added values. To thrive, managers need to ensure that the bundle of values they offer to consumers are relevant, superior to competitors' and have enduring brand values.

Against the backdrop of the fact that there is keen competition most of which is unfair due to the prevalence of fake drugs, the issue of branding goes deep down to the very core issues of survival and effective competition by firms in the marketplace. Most organisations in the pharmaceutical sector in Ghana have branding strategies in place but the question is what roles do these strategies play in the effective marketing of pharmaceutical products. The objective of the study therefore, is to examine the perceived role of branding in marketing of pharmaceutical products using three pharmaceutical companies in Ghana.

LITERATURE REVIEW

Branding has existed for centuries as way to distinguish the goods of one producer from those of another. A brand is created by developing a distinctive name, packaging and design, and arousing expectation about the offering (Kumar and Meenakshi, 2006). According to American marketing association, a brand is a name, term, symbol, design or combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of the competition.

Although, firms provide the impetus for brand creation through marketing programmes and other activities, ultimately a brand resides in the minds of the consumer. It is a perceptual entity rooted in reality but reflecting the perceptions and idiosyncrasies of consumers (Kotler and Keller, 2009). Branding helps to shape consumer perception about the product or service. Today, a firm's real value lies outside the business itself, it resides in the minds of potential buyers (Kapferer, 1992). Keller (2002), states that organisations have come to the realisation that one of their most valuable assets is the brand associated with their products or services. Brand image, identity and positioning are very important components of branding.

According to Gardner and Levy (1995), a brand is a bundle of intrinsic and extrinsic offerings blending both functional and psychological difference. This view was reaffirmed by Schuiling and Moss (2004), who saw a brand as a name that will register the product in the consumers mind as a set of tangible and intangible benefits. A product of its own delivers tangible benefit, whereas a brand offers additional value which is both the tangible and the intangible benefits. For example, Mercedes Benz is registered in the mind of consumer as a brand offering a set of tangible benefit (solidity, reliability and of German quality) and intangible benefit (success, status) (Moss, 2004). Kotler and Armstrong (2010), define a product as anything that can be offered to a market for use or consumption that might satisfy a need or want. It may be a physical good, service, retail store, person, organisation, place or idea (Keller, 2003). Levitt (2005) asserted that a brand is a product, but one that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need. It therefore stands to reason that a brand's prominence or relative dominance is a vital exponent in the determination of a firm's market position relative to other competing brands.

The pharmaceutical industry has come late to branding. During the 1980s and 1990s, the pharmaceutical industry enjoyed success over an extended period, achieving double digit growth consistently. The success of the industry depended on strong R&D, use of patent, and a powerful sales force. However, with growth in the industry slowing down, firms have been searching for new ways to maintain their brand positions (Schuiling and Moss, 2004). Consequently, pharmaceutical companies have had to embrace marketing and branding strategies to a greater extent than they have been in the past (Blackett, 2005).

For decades, pharmaceutical companies' brands strategy was to discover a brand that was needed, introduce it to Doctors via a sales representative, and watch the prescriptions get filled. With several factors causing change in the pharmaceutical industry in the way in which medications are marketed, it has become crucially important for these companies to brand their products.

This is critical in view of the fact that more and more drugs are progressively sold over the counter (Kapoor and Epstein, 2004). It is evident that the competitive environment is becoming more intense in the pharmaceutical industry. As a result, Schuiling and Moss (2004) consider that branding can represent a new competitive lever that can project a firm in the marketplace. With retail brands now competing with generic drugs (including private labels), alternative and complementary treatments, pharmaceutical companies cannot overlook or downplay the immense power branding.

Counterfeiting and branding in the pharmaceutical sector

The incidence of fake and substandard drugs has become a serious menace confronting global health care delivery. According to Gautam et al. (2009), the preponderance of spurious and counterfeit drugs is a modern day menace which has assumed alarming dimension internationally, especially in less developed countries. According to them, the market of counterfeit drugs is a well organised white colour crime. It is the major cause of needless morbidity, mortality and loss of public confidence in drugs and public health in general. Counterfeit drugs are products intentionally manufactured to resemble a brand name pharmaceutical. They may contain no active ingredients or contain ingredients inconsistent with the package description. Fake drugs are more common in countries without sound regulation and weak quality control standards. WHO (2006) outlines factors responsible for the rising wave of counterfeiting as consisting of the following: lack of political will, lack or inadequate legislation prohibiting counterfeiting of drugs, absence or weak national drug regulatory authority, shortage or erratic supply of drugs, high cost of medicines, inefficient co-operation among stakeholders, trade involving several intermediaries, corruption and conflict of interest.

The prevalence of counterfeit drugs continues to spiral, for example, it has been estimated that up to 15% of all sold drugs are counterfeit, and in some parts of Africa and Asia the figure exceeds 50% (Robert et al., 2007). Bate and Boateng (2007), posit that in poor countries essential and life saving drugs used to treat infectious diseases such as tuberculosis and malaria are often the drugs under intense threat of piracy. Recent development in the pharmaceutical industry involving the importation of fake drugs from India by a pharmaceutical company in Ghana resulted in the ban of that company by the Ghana Food and Drugs Authority. In order to maintain competitive advantage in the industry, pharmaceutical companies have had to identify winning marketing strategies that provide competitive advantage on a sustainable basis. Schuiling and Moss (2004), propose that brand logic be leveraged. Pharmaceutical companies will not be able to rely exclusively on the three traditional success

factors. These include strong R&D, aggressive defence of patent, and use of powerful sales force. These factors have been conducive to annual sales growth of 10% since the 1980s. Although these growths were sufficient in the past, with constant change in the pharmaceutical industry, one can no longer be sure that these traditional factors alone will continue to work well in the future. Therefore, branding strategy is employed to provide greater marketing leverage.

Benefits of branding in the pharmaceutical industry

Pharmaceutical branding is to create awareness among potential customers about the benefit of drugs and medicines. The marketing process and brand give the public ready knowledge of what the product is about and creates a point of identifying the brand amongst many other similar products in the markets (Blackett, 2005). In addition, the entire branding process has value for a company as it helps the business focus on, enhance and be consistent with its message. Moreover, it allows a company to continually test the message and see if it is being received in the right way (Malone, 2004)

Brand building during the period of a new drug under patent can help prolong the commercial life of the product once its monopoly status lapses (Blackett, 2005). Advertising and promotion are crucial in the early stages of a new pharmaceutical brand's life, it is imperative that reminders be made to buyers of the product's efficacy, now proven through several years' performance in order to maximise return on investment before the patent expires, imitations are introduced, and prices drop (Blackett, 2005). Creating brands will enable the pharmaceutical companies to differentiate their products from those of competitors using both intangible and tangible benefits. Each brand needs to be given a "reason for being", considering the vast amount of competitors and low number of really distinctive products. Branding can help to sustain brand against generic products after the expiration of the patent. A strong brand will benefit from high consumer loyalty, allowing strong sales even after the patent has expired. For example, during the 1980's, a product whose patent expired was still able to obtain 60% of its sales turn over one year later. However, in the 1990's that number dropped to 40%, and that of Prozac dropped even more? Furthermore, brands will have a stronger influence on the behaviour and attitude of patient and doctors (Schuiling and Moss, 2004).

Pharmaceutical brands engender trust, which is one of the most powerful emotions. As opposed to the effectiveness of cola drinks, relief from pain or illness is a far higher state of need than the alleviation of thirst. Hence trust in pharmaceutical brands is a vital component and once gained can be leveraged successfully through the brand. This trust builds up when the brand also provides emotional justification. Companies must create the need

Table 1. Population representation.

Participant Firms	Frequency	Percentage (%)
Aryton Drugs Manufacturing	20	36.4
Ernest Chemist	19	34.5
Danadams Pharmaceutical	16	29.1
Total	55	100.0

for the consumer to be loyal by addressing their emotional needs. Also, it is important to decide how to communicate these benefits in a coherent way to the target customers (Schuiling and Moss, 2004). This can be achieved through advertising, design, packaging, pharmacist recommendation, family recommendation, website, doctor prescription, and so on.

METHODOLOGY

This research was conducted in Accra Metropolitan Assembly of Greater Accra Region of Ghana. The target population of the study comprised pharmaceutical companies operating within Greater Accra Region. Two stage sampling procedure was used to select the sample for the study. At the first stage three (3) pharmaceutical companies (Aryton drugs, Danadams pharmaceuticals and Ernest chemist) were surveyed using purposive sampling procedure. At the second stage convenience sampling procedure was adopted in selecting the respondents from each of the sampled companies for the study because it is deemed more appropriate than other techniques based on the objective of the study.

Both qualitative and quantitative data were collected from the respondents. Questionnaire and interview guides were used to collect data. Interview guides were used to collect data from sales executive of the pharmaceutical companies while questionnaires were used to collect data from sampled staff and sales managers. Data collected were checked for clarity, organised and analysed in line with the research objectives. Also chi-square test was carried out to test the following hypothesis.

H_0 : There is no significant relationship between the perception of the respondents on the role of branding on consumer behaviour.

H_1 : There exist significant relationship between the perception of the respondents on the role of branding on consumer behaviour

RESULTS AND DISCUSSION

Table 1, depicts the population representation of the study. Out of the sixty (60) respondents, 20 of the respondents representing 36.36% were from Aryton Drugs Manufacturing, 19 (34.55%) were from Ernest Chemist and 16 (29.09%) were from Danadams Pharmaceutical. The results show that 4 respondents from Danadams and 1 respondent from Ernest Chemist did not complete the questionnaire. However, the number of respondents who answered the questionnaire was representative enough to provide relevant information for the study.

Table2. Respondents by years with institution.

Respondents	Frequency	Percentage (%)
1 to 5	25	45.5
6 to 10	20	36.4
11 to15	10	18.2
Total	55	100.0

Background information of respondents

Number of Years Respondents Have Worked with their Respective Companies. As shown on Table 2, majority of the respondents representing 45.45% have worked between 1 to 5 years, 36.36% have worked between 6 to10 years and 18.18% worked between 11 to 15 years. This conveys a sense of respondents who have the requisite experience to respond adequately to the questions on hand.

Perceived role of branding on consumer purchase decision

Table 3, indicates the views of respondents on the role branding plays on consumer purchase response decision. Majority of respondents representing 27.3% stated that the major role played by branding on consumer purchase decision is simplifying product selection and choice while the least representing 9.09% believed that branding contributes to consumer loyalty. A cross tabulation was carried out to test if there is a significant relationship between perceived role of branding and consumer purchase decision (Table 4). The Chi-Square test result gave a value is 81.796 and a P-value of 0.00010. Based on the results the study failed to accept the null hypothesis that there is no significance relationship between the respondent's perception of branding on the purchase decision of consumers and sales. Thus, there exist significant relationship between the perception of the respondents on the role of branding and purchase decision of consumers and sales of pharmaceutical product. This implies that companies would continue to strive to brand their products as they perceive that it influence purchase decision of their customers.

ROLE OF BRANDING IN THE PHARMACEUTICAL COMPANIES

The role of branding in pharmaceutical marketing is presented as follows.

Branding and sales improvement

Table 5, depicts the level of agreement of respondents

Table 3. Branding on consumer purchase decision.

Perceived role of branding	Frequency(Agree)	Percentage (%)
Identification	25	45.5
Differentiation	10	18.2
Loyalty	5	9.1
Selection and Positioning	15	27.3
Total	55	100.0

Source: Field Data, 2012

Table 4. Cross tabulation between perceived role of branding on marketing of pharmaceutical products.

Perceived role of branding on pharmaceutical products	Frequency		Chi-Square
	Yes	No	
Does branding influence Identification	45	5	81.796***
Does branding help in product Differentiation	50	5	
Does branding influence customer Loyalty	40	15	
Does branding influence Selection and Positioning of product	35	15	

*** Significant at 1%

Source: Field Data, 2012

regarding the significant role branding plays in the sale of pharmaceutical products. The results indicate that 36.36% strongly agree and 63.64% agree that branding plays significant role in the sale of pharmaceutical products. This means there is clear agreement regarding respondents' view that brands improve sales.

Consumer identification with brand

Regarding consumer identification with brands, 54.55% of the respondents agreed that consumers easily identify with the brand, 36.36% strongly agree with the assertion but 9.09% remain neutral, an indication that majority of the respondents believed that consumers identify with the brand.

Brand loyalty and sales of pharmaceutical products

Table 5 shows the role branding plays in the sale of pharmaceutical products. While 9.09% strongly agreed that brand loyalty plays a significant role in the sale of pharmaceutical products, 53.64% agreed, and 27.27% were not sure about the statement. This is a clear indication that branding loyalty is important in the sale pharmaceutical products.

Branding as an awareness creation tool

Majority (72.73%) of the respondents agreed that branding creates awareness and 9.09% strongly agreed. However, 9.09% were not sure, while 9.09% disagreed

with the statement. These results clearly show that pharmaceutical companies could create awareness for their products through branding as depicted on Table 5.

Brand name and the selection of pharmaceutical products

From table 5, majority (72.73%) of the respondents agreed brand name is important, 9.09% also strongly agreed that brand name is important but 9.09% were not sure if brand is important in the selection of pharmaceutical products while 9.09% disagreed. This is an indication that pharmaceutical companies must ensure that their names are conspicuously written on the products to attract customers to buy.

Brand names and communication of product value

Respondents were also asked to state their level of agreement as to whether brand names communicate product value. From Table 5, majority, representing 54.55% agreed that brand names communicate product value while 18.18% strongly agreed. However, 18.18% disagreed while 9.09% were not sure. This demonstrates that consumers largely perceive brands names as key determinants of product quality.

Branding as a tool for communicating tangible differences

On whether pharmaceutical companies use branding to

Table 5. Role of branding in Ghana's pharmaceutical sector.

Questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	SD
1.Branding improves Sales	20 (36.36%)	35 (63.64%)	0 (0%)	0 (0%)	0 (0%)	4.36	0.49
2. Consumer identify with brand	20 (36.36%)	30 (54.55%)	5 (9.09%)	0 (0%)	0 (0%)	4.27	0.62
3.Brand loyaltyincrease sales	5 (9.09%)	35 (53.64%)	15 (27.27%)	0 (0%)	0 (0%)	3.81	0.58
4. Branding creates awareness	5 (9.09%)	40 (72.73%)	5 (9.09%)	5 (9.09%)	0 (0%)	3.82	0.72
5.Brand name influence product choice	5 (9.09%)	40 (72.73%)	10 (18.18%)	0 (0%)	0 (0%)	3.91	0.52
6.Branding communicate Tangible differences	20 (18.18%)	30 (54.55%)	5 (9.09%)	0 (18.18%)	0 (0%)	4.27	0.62
7.Branding influence product differentiation	5 (9.09%)	45 (81.82%)	5 (9.09%)	0 (0%)	0 (0%)	4.00	0.40
8.Branding guarantees quality	5 (9.09%)	25 (45.45%)	20 (36.36%)	5 (9.09%)	0 (0%)	3.55	0.79
9.Branding influence product image	15 (27.27%)	35 (63.64%)	5 (9.09%)	0 (0%)	0 (0%)	4.18	0.58
10.Branding can serve as status symbol	10 (18.18%)	25 (45.45%)	15 (27.27%)	5 (9.09%)	0 (0%)	3.73	0.87
11.Branding improves corporate image	10 (18.18%)	25 (45.45)	20 (36.36%)	0 (0%)	0 (0%)	3.82	0.72

Note: SD = Standard Deviation

communicate tangible differences, 54.55% agreed, 18.18% strongly agreed but 9.09% were neutral about the statement. Majority of the pharmaceutical companies use branding as a tool to communicate tangible differences. This means 72.73% agree that branding communicate tangible product differences while 18.18 disagreed. This means that branding is a vital communication tool since it helps to effectively communicate tangible differences as depicted in Table 5.

Branding as tool for differentiating pharmaceutical products

Table 5 shows respondents' level of agreement with the view that branding serves a tool for product differentiation. 81.82% of the respondents agreed, 9.09% strongly agreed and 9.09% were not sure whether pharmaceutical companies use branding to differentiate their products. This is a clear indication that pharmaceutical companies use branding to differentiate their products from those of their competitors since majority representing 90.91 affirmed the statement.

Branding as quality guarantee

Table 5 shows the responses to the statement "Branding

serves as a guarantee or assurance of quality". According to the result, 45.45% agreed, 9.09% strongly agreed and 36.36% were neutral. However, 9.09% disagreed. The result shows that most of the pharmaceutical companies use branding as a guarantee or assurance of quality.

Branding and product image

With regards to image, 63.64% of the respondents agreed that branding enhances product image, 27.27% strongly agreed but 9.09% were not sure if branding enhances the image of a product. The result therefore indicates that majority of the pharmaceutical companies and their staff believed that branding enhances product image.

Branding as a status symbol

Table 5 presents responses regarding whether branding serves as a status symbol. Most of the respondents (45.45%) agreed that branding serves as a status symbol, 18.18% strongly agreed while 27.27% were neutral. However, 9.09% disagreed with the statement. This shows that pharmaceutical companies use branding to convey prestige value to the users of their products.

Branding improves corporate image

On the question of the role of branding in improving corporate image, 45.45% of the respondents agreed that branding helps to improve corporate image, 18.18% strongly agreed with the statement but 36.36% were not sure if branding could improve the corporate image of the firm. The result indicates that most of the respondents believed that branding enhances corporate image as shown on Table 5. When asked to list the nature of branding challenges in the pharmaceutical industry, majority of the respondents mentioned imitation as the major challenge facing the industry. Another challenge mentioned was weak enforcement of regulations from the Food and Drugs Authority which is aimed at protecting consumers of pharmaceutical products. Others included the inability to maintain patents and successfully fighting generic products.

To a large extent the brand name can be said to contribute to effectively in the marketing of pharmaceutical products because the respondents stated that brand name influences consumers purchase decision in a number of ways including identification of products, selection and positioning as well as differentiation. Again, as much as 82% of the respondents believed that brand name is important in the selection of pharmaceutical products. This is an indication that brand name is directly related to consumer purchase decision. These findings are consistent with Schuiling and Moss (2004) assertion that brand names influence the decision of doctors and patients. The findings of the study confirm that pharmaceutical companies use branding in differentiating their products from competing ones. This is because 91% of the respondents agreed that branding is used to differentiate their products from competing ones though brand elements such as name, symbol, colour, logos etc.

The study also revealed numerous benefits of branding to pharmaceutical companies in Ghana. According to the study the selected companies benefit from increased sales and identification of the companies' products. The results also show that branding enhances the image of the companies' products and above all, branding helps in communicating tangible difference of the selected companies' products. These findings agree with the views of Kapferer (2001) who argued that a product gives a certain efficacy while a brand gives more trust. He added that brands add value to the product, which helps to differentiate it from competition. It is also obvious that the marketing process and branding give the public ready knowledge of what the product is about and creates a point of identifying the brand amongst many other similar products in the markets (Blackett, 2005). Evidently, the three pharmaceutical companies have challenges with their branding efforts since majority of respondents stated so. Major challenges identified by respondents were patent rights sustainability and imitation. The importance of branding in identifying and differentiating products has

been well articulated in the literature. Apart from its primary role of identifying and differentiating competing products, branding also enhances corporate image and can be a source of competitive advantage. The purpose of this study was to find out the strategic role branding plays in the marketing of pharmaceutical products in Ghana.

The major role of branding in consumer purchase decision is the identification of products followed by selection and positioning differentiation and loyalty respectively. The study also revealed that branding plays a significant role in the sale of pharmaceutical products. The study also found that, branding helps consumers to easily identify themselves with the brand. The study further revealed that branding helps pharmaceutical companies in communicating tangible difference of their products, enhances the image of the product and the company. Another significant revelation from the study was that, pharmaceutical companies use branding to differentiate their brands from those of competing brands. Finally the study clearly shows that the major challenge confronting pharmaceutical companies in Ghana were sustainability patent and the sale of imitated products on the market.

CONCLUSION

Based on the objectives and findings of the study, the following conclusions could be drawn. Brand names contribute significantly to consumer purchase decision especially in the area of product identification, selection and positioning and product differentiation. Furthermore, pharmaceutical companies use branding to differentiate their products from competing brands through brand names, packaging, symbol, trademark and logos among others. Based on the findings, it can also be concluded that there are many benefits of branding in the pharmaceutical industry. Notable among them; branding helps in the sale of pharmaceutical products; it helps manufacturers to differentiate their product from competing brands, helps in enhancing the image of the products and also helps in identification of competing brands by consumers. The major branding challenges confronting pharmaceutical companies are how to sustain the patent right in an environment where imitated products are prevalent resulting in unfair competition. In conclusion, the three pharmaceutical companies use branding effectively in the marketing of their products.

RECOMMENDATIONS

The study revealed that one major challenge confronting pharmaceutical companies is imitation or counterfeiting. The pharmaceutical companies should come together and lobby the government for strict enforcement of

legislations that would impose serious sanctions to deter offenders from engaging in the manufacturing of imitated products. By so doing, the original manufacturers would be able to recoup the cost of research and development as well as operational cost and make profit. Additionally, the study indicates that the most significant benefit of branding in the pharmaceutical industry is identification of products by consumers. Pharmaceutical companies should consider using packaging and names that would attract consumers to easily identify with the brand for patronage.

IMPLICATION FOR FUTURE STUDIES

The study considered only three pharmaceutical companies in the study. Future studies should include more companies to make the findings more representative of the industry. Furthermore, the study took into consideration the views of the manufacturers and sales representatives without the consumers. Future studies could broaden the scope by collecting data from consumers so as to increase the validity of the findings.

Conflict of Interests

The authors have not declared any conflict of interests.

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