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THE IMPACTS OF EXPERIENTIAL MARKETING ON THE CONSUMER BEHAVIOR IN RETAIL STORES: THE PROPOSAL OF A THEORETICAL MODEL

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Abstract: Due to the rising of personal incomes and living standards, consumers are more focused on their personal style and taste. Consumption patterns are also changed from the past ”industrial economy,” to “ service economy,” and now to “experiential economy.” Therefore, in the experience economy we live through; marketing theorists and implementers are in search of unique and entertaining experiences to create customer dependence. In this context, strategies of marketing world has changed and developed to provide consumer experience rather than selling product and service. Experience is the main component of experiential marketing and it aims to make consumers respond, act actively to purchase and gain different feelings, different perceptions in consequence of their experiences. Its purpose is to appeal to the emotional senses of the customers and to influence their choice decision. The literature revue reveals that emotions constitute potent, pervasive, predictable, sometimes harmful and sometimes beneficial drivers of decision-making. Across different domains, important regularities appear in the mechanisms through which emotions influence judgments and choices. The purpose of this paper is to study the role of emotions and analyze the impacts of experiential marketing on the consumer behavior in retail stores in Morocco. Our research has theoretical and managerial interests. The theoretical one is a twofold interests: The first is revisiting the decision-making approaches by completing the cognitive dimension by an emotional one. The second interest is proposing and testing a model that relates the role of emotions and experience in the decision-making process. The managerial interest is enabling companies to identify the elements able to generate favorable emotional responses, which will influence the consumer behavior and their decision-making process.

Keywords : experiential marketing, emotions, decision making, consumer behavior, retail stores.

Introduction

Understanding consumers and their consumption experiences with products and services, with brands, in retail environments, is one of the core tasks of marketing. In recent years, companies are much interested in the creation and the production of experiences for their clients in their point of sales. They have understood the emergence of a third function of the point of sale: the recreational function.

Indeed, the store serves not only to buy products, it is also a source of multiple interactions for the individual in particular; interactions with products, contact personnel, and other clients. These can be a source of hedonistic gratification. (Mr. Filser, V. Garets, Paché 2001). The store is considered as a social place. Visiting the point of sale is in itself considered as relaxing activity, and source of value for the individual. That visit becomes more important than the products offered there (Filser, 2001).This strategic change in the stores is due to several developments in consumer behavior, consumption and retail trade: Firstly, it’s worth noting that the competition has increased, the products have almost the same functional attributes. And then, consumers hardly make choices. Traditional marketing strategies based on price or quality are no longer sources of differentiation and are no longer a competitive advantage. Therefore, it has become essential for any business concerned about its survival and sustainability of differentiation over competitors and communicate a competitive advantage.

Researchers have shown that the only way to achieve differentiation is to focus on the consumer (Peppers and Rogers, 2004). Hence, companies have moved from traditional marketing based on the characteristics and functional attributes of the product to an experiential marketing consumer-focused, designed to create experiences for consumers (Williams, 2006). This type of marketing include relevance, novelty, surprise, learning and engagement (Schmitt, 1999; Poulsson and Kale (2000). Following the profound evolution of the theoretical status of the consumer in the marketing field, since 1980, consumption is no longer regarded as "final". Consumption is gradually disengaged from its utilitarian value. (Vézina 1999). She turned to reach a state of "post-modern" Firat & Venkatesh (1993) Mr. B. Holbrook E. & C. Hirschman (1993.

Besides being functional, the consumption can be symbolic in nature, hedonic and aesthetic. Therefore, consumer activities, far from seeking only to maximize utility, can be sources of emotions, pleasure, hedonic rewards, and for themselves (Holbrook & Hirschman 1982).On the other hand, the modern consumer no longer seeks to maximize profit, he is no longer looking for functional attributes only. He is looking for sensitive experiments that can give him the interaction with products and services in the consumer system (Mafessoli 1990). He is then perceived as an emotional being. Then all the most work which focused on consumers and which are based on the traditional decision making process –information processing— had neglected the emotional dimension. The pioneer article of Holbrook & Hirschman in 1982 highlighted the need to supplement or go beyond traditional analytical frameworks which postulate the rationality of the individual and its consumption. And this by the consideration of the experiential aspects of consumption. Later, several consumer behavior researchers have shown the limits of cognitive models and their ability to assess satisfaction and subsequent behavior (Bagozzi, 1997; Erevelles 1998; Ladhari, 2007; Phillips and Baumgartner, 2002; Smith and Bolton, 2002). For that reason and in response to the traditional models limits, Holbrook & Hirschman (1982) suggest an alternative model: the research model of experiences that enriched the knowledge of consumer behavior.

This model introduces the importance of imagination, fun, entertainment and symbolism in individual consuming process. It does not replace the traditional behaviorist approach but complete it by adding the emotional dimension. Lofman (1991) summarized that in the following process: cognition-affect-behavior-satisfaction. Other authors proposed the ordered sequence complemented by thoughts sequence - Emotions-value, activities formalized by Holbrook and Hirschman 1986 (Nicosia, 1966. Engel et al, 1968; Howard and Sheth, 1969). Following the rise of experiential perspective, the concept of emotion occupies a more and more prominent in the research on consumer behavior. Emotions influence positively or negatively on consumer behavior and participate in the formation of satisfaction (Westbrook, Oliver 1991; Evrard, Aurier 1994).

Theoretical framework

a. Experience

The theme “experiential” took its origins in the pioneering article of Holbrook and Hirschman in 1982, the authors propose to enrich the traditional process information by filling out the experiential perspective. In other words, the consumer behavior requires understanding beyond mere information. The inclusion of additional features such as multi-sensory product characteristics, experiences, emotions, feelings, the time constraint in the pursuit of pleasure and the role of entertainment material in. These elements play a vital role in the process of choice and consumer decision.

According to Dominique Marc Bourgeon and Filser, the experience research model challenges the traditional hierarchy of components in the attitude to explain the decision of the consumer: it fits well in the current theoretical reflection that strives to qualify the assumption of a sequential process of forming the attitude massively resorting to verbal information. The traditional model has neglected other dimensions including hedonic. So it was to take into account of the phenomenological aspects of consumption, according to these authors, were not reducible to purely rational facets. Hence the emergence of a new trend: Experiential current that considers the consumer as a rational and emotional, looking for holistic experiences, fun and pleasure. Two currents influenced the consumer experience:

- The first current He focused on the consequences of the experience. That means on the content of the experience of the consumer and the impacts of experience on the consumer behavior (Holbrook and Hirschman, 1982 ; Filser, 2008).

- The second current: He was interested on the strategic part, which concerns the experience production as a source of differentiation of the company's offer (Pine and Gilmore, 1999).

Our research further focuses on the impacts of experiential approaches on the consumer behavior. So we will focus rather on the first current to specify a definition of the experience lived in the stores. Holbrook & Hirschman (1982), define the experience as a subjective state of consciousness, accompanied by symbolic meanings, hedonic responses and aesthetic criteria. Filser (2002) defines the concept "experience" as the positive or negative consequences withdrawn from use of property or service, generating meaning for the subject who saw it. The experience can be seen as a process (Arnould, Price and Zinkhan 2002), which covers the entire living (Benavent, Evrard 2002) see in some cases, proof that the individual will retain the brand during his lifetime. As regards Sherry and al. (2001) experience is a product in a holistic sense. Punj and Stewart (1983), define the concept as an interaction "person", "object" and "situation", which is part of a temporality and a private space. This interaction is often accompanied by emotional meanings, based on the interaction with stimuli (Arnould & Price,1993; Gentile, Spiller, Noci 2007; Grewal, Levy and Kumar, 2009); The consumer behavior experiential perspective highlights the importance of the recognition of the subjective nature of consumption. Holbrook & Hirschman, 1982, believe that hedonic consumption is linked to emotional aspects of the experience of consumption or the use of the product. The following paragraph highlights the concept of emotions.

b. Emotions

Atkinson 1987 summarizes the definitions proposed by researchers in five components: a subjective reaction, internal bodily reactions, feelings or awareness of the advent of a positive or negative situation, facial or postural expression, a reaction relation to the presumed source of emotion.

Emotion is defined as a psychological state of arousal accompanied by cognitive aspects that depend on the specific context. Three important trends can be identified in the conceptualization of emotions, these include: § First stream: This current defines emotions based on the distinction between basic / complex emotion (Primary / Secondary). § The second trend: It distinguishes between negative emotions and positive emotions. § The third stream: It defines emotion as the emotional response, subjective, momentary and multidimensional in response to an exogenous factor to the individual, a context or a stimulus.

We focused on the third stream to define emotions as the set of emotional responses caused during the use of a product or consumer experiences when buying. It is a set of interrelated changes synchronized in response to a event / stimulus (Westbrook et Oliver 1991 ; Scherer 1987, 2001; Damasio, 2003; Niedental et al. 2004). Many theoris have tried to show the source of emotions:

- Cognitive appraisal theory

(Appraisal Theory) Arnould 1960, and many others (Lazarus, Mandler, Bagozzi, Gopinath, and Nyer 1999 etc ...) Arnold is the first founder of this theory, he started with "cognitive theory" in 1960, it advocates that the first step in the emotion is the assessment of the situation. Proponents of this theory defend the role of the cognitive component in the emotion. The emotions are not triggered by events as such but by the interpretation and appreciation of events. Emotions are a comparison between a desirable goal and the degree of achievement of this goal.

- Emotional theory Zajonc 1980

This theory advocates the partial independence of emotional and cognitive systems. It argues that the essential emotion is excitement, arousal, not an evaluation. Emotions do not need cognitions to occur. In our research, we will focus rather on this last emotional theory.

c. The impacts of the store atmosphere on the consumer behavior:

There are two currents that explain the influence of the environment on the consumer behavior in the store. § The first current: The behaviorist current It argues the direct influence of the environment on the consumer behavior. § The second current: The psychologist current It interests firstly on the way an individual perceives , interprets and evaluates the situation and also on the action that this subjective situation –resulting from these processes— can impact the behavior. We favor the psychologist approach. Indeed, consumer experiences in a point of sale are accompanied by intense emotional experiences that precede the decision to purchase. The modeling of the consumption experience should emphasis the importance of the internal states, especially the emotional states of individuals. This will not prevent to keep the behaviorist approach, which defends the direct action of stimuli on behavior. Indeed, the existence of direct effects could also be helpful . The first attempts to model the influence of the atmosphere on the reactions of customers come from a part of the work of psychologists Mehrabian & Russell (1974) and also research Kotler (1973-1974). Both frameworks have the same structure : the environmental stimuli cause internal responses in the individual responses that in turn influence customer behavior at the point of sale. These models are therefore off a completely objective approach to the situation and consider the study of the influence of the atmosphere on customer feedback through the integration of emotional and cognitive internal variables. Mehrabian & Russel focus on affective reactions. Kotler emphasizes the need to also take into account the cognitive influence. Specifically, according to Mehrabian and Russel (1974) , there are three emotional states likely to be influenced by the atmospheric variables (These three emotional states are often listed under the name of PAD in the literature. They correspond to the following dimensions:

o Pleausre : pleasure, displeasure. This dimension reflects the degree of well-being of the individual;

o Arousal : stimulation, no stimulation. This feature reflects the degree of awakening and consumer activation.

o Dominance : domination, submission. This dimension reflects the feeling of being free to act in the situation. These three dimensions can explain the variety of emotional reactions of the individual to the environment (Mehrabian and Russell, 1974). After specifying the main stages in the consideration of situations in explaining buying behavior, it is important to define more precisely the notions situation (stimulus) , response (body) and behavior in the model SOR as applied in marketing.

i. Stimuli:

Several researchers have agreed on the influence of the environment on consumer behavior and decision making process. These include:

§ Kotler (1974) considers the atmosphere as a marketing tool. The quality of the business environment is perceived through the " main sensory channels of the atmosphere such as sight , hearing , smell and touch ," corresponding to its major components (visual, auditory, olfactory and tactile) . Thus, for the author :

ü The atmosphere is apprehended by the sensory stimulation exclusively of individuals;

ü The influence of the atmosphere estconsidérée as necessarily positive , and in particular the probability of purchase .

§ Hall (1966), proposed an integrated framework for analysis of the relationship that the subject establishes with its environment through its various meanings, linking basic sensory perceptions to the sensations and the emotional states that result.

§ Baker (1986), fundamentally breaks with the sensory approach of Kotler. According to Baker, the store environment influences the behavior of individuals and their purchasing decision in the point of sale through three dimensions, namely; the environmental factors, design factors and social factors.

§ According to Bitner (1992), the relationship between the environment of the point of sale and the consumer behavior should take into account a holistic perception of the environment by individuals (ambient conditions, spatial organization and functionality, signs, symbols and artifacts).

§ Carbone and Haeckel (1994) distinguished two components of the atmosphere that may influence the behavior of the individual within the point of sale:

ü Social component : The consumer interaction with employees and with other consumers. Price, Arnould and Tierney (1995) found that positive perceptions of relational context (social environment) impact positive affect consumer satisfaction and long-term. Bitner (1990) shows that positive affect results from contact between the consumer and the employee.

ü Physical Component : Applies to tangible aspects of the service involves the five senses.

We believe that all these approaches are complementary rather than antagonistic and their combination is desirable to better understand the relationship between the individual and his environment.

ii. Organism:

According to the model of Mehrabian and Russell, who is part of a psychological approach, the environment does not exert a direct influence on the behavior of individuals. This action is mediated, it goes through the internal responses of the individual, which in turn will have an effect on the behavior. The hypothesis of this mediating effect is the specificity of S -O -R models vs. The behaviorist approach for which the environment directly affects the behavior of individuals. Since we adopted the psychological approach.

We consider our work affective reactions as mediating variables between stimuli from the point of sale and the behavior of the individual and his purchase decision.

iii. Reactions:

As regards the theories that help to explain the causal influence of the emotions of the individual over his behavior and purchasing decisions, theoretical perspectives have been proposed. It is possible to divide them into two groups: static evaluation theories of affect regulation and dynamic theories of affect (Andrade 2005).

§ First theory:

According to this theory, affective reactions precede cognitive reactions. Moreover, they are the result of the emotions aroused by the environment of the point of sale. Which will subsequently influence the judgment and therefore the behavior of the individual and his purchase decision.

Emotional reactions → information processing → Judgment Behavior

This theory joins the current claims that emotions can be used as a source of information (as Affect information), they can be accessed by the consumer before issuing an evaluative judgment.

§ Second theory:

Difference between two emotional reactions in two points in time plays a major role in guiding the affective behavior (how he feels now and how it might feel in the future as a result of behavioral activity). Several psychological scientists recognize the role and recognize that emotions are what drive most significant decisions in life (e.g., Ekman 2007, Frijda 1988, Gilbert 2006, Keltner et al. 2014, Keltner & Lerner 2010, Lazarus 1991, Loewenstein et al. 2001, Scherer & Ekman 1984).

d. Proposal for a model to explain the causal relationship between experience , emotion, and the consumer behavior in a store.

The theoretical study of the shopping experience in retail stores has highlighted the important role of consumer affective states. This justified the choice of an S -O -R model as the basic model to develop an explanatory model and linking experience, emotion, and the consumer behavior. The role of consumer's emotions is central.

Research by Donovan and Rossiter (1982) were the first to point out that the influence of the environment on consumer behavior was exercised through the effect of the environment on his emotional state. Emotional response, indeed, is a mediating variable between perceived the atmosphere of the store and the behavior of individuals. The central hypothesis of the SOR model is that the environmental variables exert their influence on the behavior of the individual through his emotional states in a store. Although we have passed the psychological approach, we do not reject any of the same behaviorist approach, which defends the direct action of stimuli on behavioral reactions. In addition, the behavior will include the variables "time spent in the store", "and the "amount spent ".

In our research model, we will take into account three kinds of moderating variables : Pressure time, Socio demographic variables and individual variables and finally attitudinal variables. To operationalize the final research model, assumptions will be fixed and then we will proceed to the empirical validation. This last is based on the choice of the point of sale, the sampling method and the various measures of the study variables.

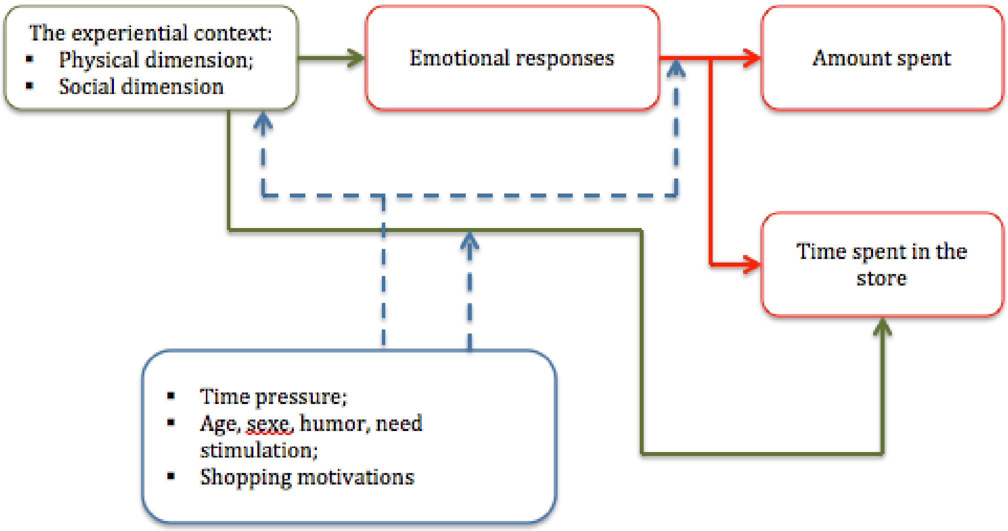

Figure 1: Theoretical model

Future research will have for main objectives to study empirically the impact of experiences on behavior while including different variables that may moderate the relationship, study and analyze the role of emotions in the process of choice and decision-making and finally the development of measuring instruments capable of measuring the impact of emotions on consumer behavior and decision- making. From an operational point of view, this research can only help to better understand, explain and predict consumer behavior, to establish new types of consumers, to explain market segmentation based on emotional reactions experienced by individuals and to guide practitioners in their choice of marketing policies.

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A MILESTONE IN SUCESSFUL FRANCHISOR OF MOLY-CARE CAR CARE COMPANY

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Abstract: Entrepreneurship and marketing are the interface functions in the corporate responses to an increasingly rivalry and complex external environment. Both concepts illustrate organizational direction toward creativity, innovation, adaptability, and risk-taking. This paper aims to explore strategic successfulness of a Thai corporate embracing franchising as a preferred method for growing its business. Given the exploratory nature of this study, single case study was designed. In-depth interview (face-to-face) with a managing director was conducted. The finding shows a connection between entrepreneurship and marketing as well as the linkage with franchising. The preliminary data has important implication for entrepreneurial marketing, franchising theorists, and practitioners in informing guidelines for the success of business operations in franchising. In addition, this study provides a platform for future study.

Keywords: entrepreneurship, marketing, franchising

Introduction

After establishment of ASEAN Economic Community (AEC) in December 2015, the 10 ASEAN countries are scheduled to form a single market. This will promote the free flow of goods, services, capital and people among members. Thailand has a domestic market of approximately 67 million people but after the AEC this market will effectively increase to about 600 million people, a tremendous chance for Thai enterprises to increase their revenue. Small and medium-sized enterprises (SMEs) play an important role in the world economy and contribute substantially to income, output and employment (The Ediburgh Group, 2012). In Thailand, SMEs are the life blood essential to Thailand's economic vitality. Defined as companies with no more than 200 employees and 200 million baht in assets, SMEs make up 98.5% of total enterprises in the country, creating jobs for more than 11.78 million people or 89.4% of the national workforce. SMEs account for 37% of Thailand's gross domestic product, contributing about US$140 billion to the GDP (Office of Small and Medium Enterprises Promotion, 2013).

Under the ASEAN Frameworks Agreement on Service (AFAS) among AEC members; franchising is categorized as a deliverable service (Department of Business Development, 2013). Franchising is the most ubiquitous and fastest growing form of cooperative arrangements among entrepreneurs (Gassenheimer, et al., 1996). In international expansion, franchising is one of the most preferred strategies as it provides flexibility and economies of scale to worldwide operations (Contractor & Kundu, 1998). Hence, this liberation provides an opportunities for Thai franchise to easily expand internationally. With the Thai government strongly committed and actively promoting franchising as one of its strategies in developing local SMEs. Under the newly Thai National Franchise Development Plan 2016, the Thai government hope to 1) create an enterprise to franchise system (B2B franchise), 2) develop a business franchise to meet Franchise Standard, and 3) support a potential franchisor to expand internationally (The Department of Business Development, 2015).

Statistics from Thai Franchise Center shown that in December 2015, there were 482 franchise businesses with approximately 92,000 franchisees, with the total investment of US$ 2.29 billion. Under service franchise category, there are 41 franchise business or 8.51% and there is only car care business, Moly Care Car Care. Furthermore, Moly Care Car Care is the only Thailand Franchise Quality Award (TFQA) certified service Thai franchisor from the Department of Business Development, Ministry of

Commerce. With its 50 domestic franchisees and 6 franchisees in 3 countries, this proves the successfulness of Moly Care Car Care Thai franchisor in domestic and international markets. The purpose of this paper is to explore the strategic successfulness of a Thai corporate embracing franchising, Moly Care Car Care, as a preferred method for growing its business. The paper begins with a brief overview of the company and the findings that link between franchising, entrepreneurships and marketing. The paper, then, concludes with the discussion of the implications of this case for researchers and practitioners.

Literature Review

Entrepreneurships

The term "entrepreneurship" has been approached as a characteristic of an innovative, risk taking individual attempting to achieve commercial success with in a new venture. Entrepreneurship can also be conceptualized as a process or activity within the organization, distinct from specific individuals (Morris & Paul, 1987). Current perspective focus on "the process of creating value by bringing together a unique package of resources to exploit an opportunity". This definition transcends the more narrow perspectives of entrepreneurship as a personality characteristic, or entrepreneurship as the starting of a small business. Approach as a process, the concept has potential applications not just in start-up ventures but in organizations of all sizes and types (Davis, et al., 1991).

According to Davis, et al. (1991), the entrepreneurial process appears to have three key dimensions: innovations, risk-taking, and proactiveness (cited in Carland et al., 1984, Drucker, 1985, Kao 1989, Miller & Friesen, 1983, Morris & Paul 1987). Innovativeness refers to the seeking of creative, unusual, or novel solutions to problems and needs. This includes the development of new products and services, as well as new processes and technologies for performing organizational functions. The risk-taking dimension involves the willingness of management to commit significant resources to opportunities having a reasonable chance of costly failure. Proactiveness, the focus here is implementation, on making events happen through whatever means are necessary. Moreover, the proactiveness dimension implies a "hands-on" management style, where executives work with employees, customers, suppliers, and others to overcome obstacles.

Entrepreneurship is a dynamic goal-oriented process whereby an individual combines creative thinking to identify marketplace needs and new opportunities with the ability to manage, secure resources and adapt to the environment to achieve desired results while assuming some portion of risk for the venture (Smart & Conant, 2011). Given the turbulence posed by globalization, it is expected that SMEs with an entrepreneurial orientation will fare better than those that lack such an orientation. Here, we proposed

Preposition 1: Successfulness of a franchisor will be positively associated with entrepreneur's innovativeness

Preposition 2: Successfulness of a franchisor will be positively associated with entrepreneur's risk taking

Preposition 3: Successfulness of a franchisor will be positively associated with entrepreneur's proactiveness

Franchising

Franchising involves a long-term contractual agreement between two types of firms in which a parent company (the franchisor), having developed a product or service, agrees to allow another firm (the franchisee) to sell that product or service under the firm's brand name in a specific way, in a particular location, and during a given period in return for a one-off initial fee and an annual sales-based payment (Combs, et al., 2011, Davies, et al., 2011, Tracy & Jarvis, 2007). Business format franchise organize that the success of their system is directly influenced by their ability to design and enforce rigid operational standards across their network of retail units (Davies, et al., 2011). Moreover, franchising is a knowledge transfer process and training plays an important role ranging from training programs, pre-opening training, start-up training, manuals supplied, no of pages, etc. (Paynter & Arthanari, n.d.).

According to Chiou & Droge (2015), stated that franchising attempts to capitalize on economies of scale and scope, as well as the benefits derived from small, localized operations (cited in Bradach 1997). Both franchisors and franchisees aim to maximize profit (cited in Spinelli & Birley 1996). Business format franchising is also the true locus of franchising entrepreneurship. Moreover, the entrepreneur-franchisor that create these systems must not only risk the resources to develop the concept and operating system, but do so in a manner that permits efficient turnkey transfer to the operating franchisees (Kaufmann & Dant, 1998). Achieving the franchisor's goal of consistent quality and uniform brand image through standardization (Chiou & Droge, 2015).

Marketing

David (2000), stated that marketing concepts are organizational philosophy or culture, as a strategic process, and as a series of tactical functions or methods, all of which required market intelligent (cited in Kohli and Jaworski, 1990).

i) Marketing as an organizational philosophy relates to a set of values and beliefs concerning the central importance of the customer to the success of the organization, which requires that an understanding of customer needs should precede and inform the development and marketing of products and services (Kotler, 1997).

ii) Marketing as a strategy defines how an organization is to complete and survive in the market place. Most marketing textbooks review marketing strategy through the stages of market segmentation, targeting and positioning. This involves firstly, research and analysis of the market place in order to divide it into meaningful groups or segments of buyer-types. Secondly, one or more segments are chosen as the most appropriate targets for marketing activities. Thirdly, an appeal is made to this target group through an appropriately positioned product or service.

iii) Market methods are the specific activities and techniques, such as product development, pricing, advertising and selection of distribution channels, which implement the strategy. These are referred to as elements of the 'marketing mix', commonly summarized as the four 'Ps' of product, price, promotion, and place.

iv) Marketing intelligence underpins each of these marketing principles. The members of a marketing-oriented organization undertake information-related activities defined by Kohli and Jaworski (1990: 3) as the 'organization wide generation, dissemination and responsiveness to market intelligence'.

Davis, et al (1991), marketing is concerned with the facilitation of exchange processes between organizations and their environments. The facilitation generally takes the form of marketing mix activities, such as branding, pricing, customer service, advertising, and personal selling.

Thus, entrepreneurial marketing is the organizational function of marketing that embraces the opportunities of the marketplace in terms of an effective implementation of price, promotion, and product tactics (4P's) by being risk-taking, innovative, and proactive (Kraus, et al., 2009).

From the above discussion, we proposed:

Preposition 4: Successfulness of a franchisor will be positively associated with franchisor's brand name

Preposition 5: Successfulness of a franchisor will be positively associated with franchise's operational standards / manual

Preposition 6: Successfulness of a franchisor will be positively associated with training

Preposition 7: Successfulness of a franchisor will be negatively associated with fee and annual payment

Preposition 8: Successfulness of a franchisor will be positively associated with communication

Preposition 9: Successfulness of a franchisor will be positively associated with after sales follow-up

Research conceptual framework

Figure 1 illustrate the research conceptual framework under which this research would be conducted.

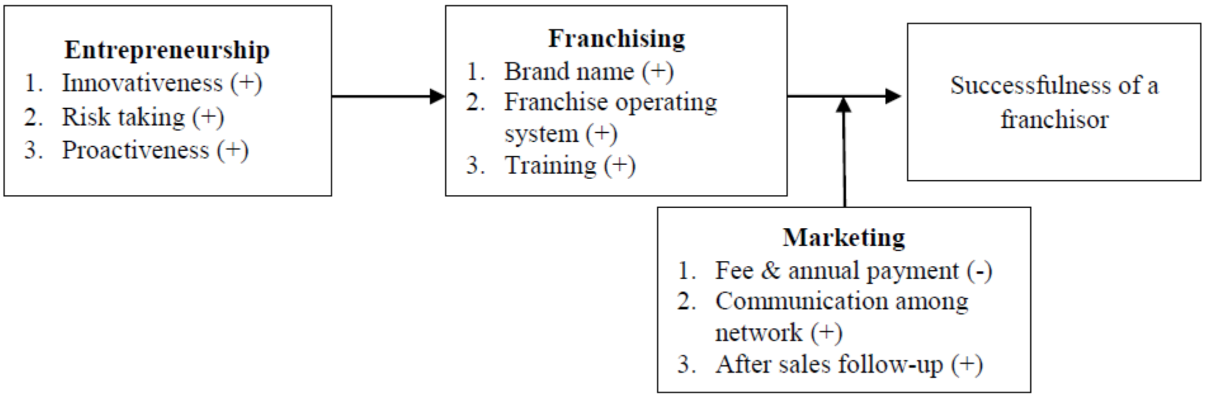

Figure 1: Research conceptual framework

Method

This study aimed to explore the strategic successfulness of Moly Care Car Care franchise, the only car care franchise business in Thailand with 3 years TFQA certified from Department of Business Development. Qualitative method, a single case analysis, was considered in this study because the research into franchising has been largely quantitative, which makes its complexities very difficult to tracked and study in detail. Moreover, some qualitative franchising researching has been conducted but mainly focus on food franchise. Yin (1994, 2003), a single case study is considered a more appropriate strategy for answering research questions which ask 'how' and 'why' and which not control over the events. Single case can be valuable and a suitable research strategy for theory testing (Yin, 2003). Therefore, the decision of carrying out case study was that they are valuable as preliminaries to major investigations as they generate rich data that may suggest themes for more intensive investigation (Choo, 2003).

Multiple sources, in-depth interview, documents research, and observation, were used to collect data and providing the triangulation in this study. Face-to-face in-depth interview with the managing director who directly involve in business strategies was extensively used to collect data. The typical interview lasted two and a half hour, then follow by company visit. The interview was tape-recorded and transcribed to identify the strategic successfulness of this franchise. After that, the method of qualitative analysis draws on Yin (1994)'s preferred strategy of relying on theoretical proposition that led to the case study. The propositions helped to organize the case study and examine alternative explanations. Drawing conclusions and verifying them took place before, during, and after data collection.

The Moly Care Car Care case summary

Starting, in 1981, from Car-Lack which was a joint venture between Thai and German to market car care products. In 2000, Mr. Krit Karnchanabatr was appointed to be in charge of the company as a General Manager. After a market and consumer behavior surveys had been conducted, he realized that how many cars were on the road in Thailand and how car care services were needed by car users. Therefore, a car care service franchise Car-Lack 68 was launched in 2003, providing washing program, exterior and interior cleaning, polishing, coating, and anti-rust programs. In order to grow not only domestic but also international market, a market testing was needed to ensure the successfulness in the first move. Hence, Moly Care by Car-68 was founded as a Thai own company in 2007 with the brand new concept and design. In 2015, there were more than 50 franchisees in Thailand and has been expanding into 3 countries in ASEAN - Myanmar, Laos and Cambodia. The achievement awards received clearly prove its success. For instance, Thailand Franchise Quality Award in the year 2011-2013 and so forth.

Findings and Discussion

Entrepreneurial Orientation

The executive of Moly Care Car Care's traits were found related to entrepreneurship. These included having a somewhat better education, coming from family where the parents owned a business, working in areas related to what they had done before (Smart & Conant, 2011). Furthermore, the findings shown that the organization executive's entrepreneurship - innovative, risk taking and proactiveness were positively associated with the successfulness of the franchisor. These results supported our propositions. As we found and analyzed from the interview; *"We started Car Lack 68 franchise with a very limitation of knowledge about franchising but we see the opportunity." "... our initial franchise fee was set at US$1,300, we sold 13 franchise a year which was not bad. However, after that we found so many problems. The problem was we had started franchising without the clear understanding of this business format. Thus, I took franchising, entrepreneur, SMEs courses." "We continuously develop and introduce a new service for our franchisees – Moly Crystal." "... to strengthen our brand name, the new design - Moly Care Extreme will be launched in the very near future to capture the hi-end segment."*

These findings were in line with Falbe & Welsh (1988) franchisor's perception toward success positively affects action, organization performance, and franchise success. The natural bond between marketing and entrepreneurship may be value creation. Five categories of behavior that identified an entrepreneurial venture; 1) introduction of new goods; 2) introduction of new methods of production; 3) opening of new markets; 4) opening of new sources of supply; 5) industrial reorganization; and 6) the introduction of new services (Smart & Conant, 2011). Risk taking reflects the propensity to devote resources to projects that entail a substantial possibility of failure, along with the chances for high returns (Knight, 2000).

Franchising

Franchise operating system, training, and brand name (a factor that included the quality of the operating system) were rated as the key determinants of the franchise's success. These findings supported our propositions.

Franchise operating systems are the most important type of contractually linked vertical marketing systems. One of the key issues in franchising is designing contractual mechanisms (or standards) to control franchisee opportunism (Chiou & Droge, 2015). A business operating system or franchise operational manual is the company's unique way of doing things - how it operates, goes to market, produces and deals with its customers. An effective business operating system transcends the people who are doing and managing the work, and is more valuable as a result. A business that effectively operates *without* you is always more attractive to public and private sources of capital (Colan, 2015). *"I wondered how and why the giant franchisors like McDonald, Pizza Huts are so successful expanding globally. One day, I attended an exhibition about franchising and met up with Francorp, a consulting firm. I decided to appoint this firm to develop a system operating system for us." "... our operation manual provides the daily, weekly and monthly processes, systems, roles of franchisor and franchisee, how to select, recruit, and hire the employees, basic account, structure, etc."*

When the franchisees sign the franchise agreement, training plays an important role ranging from training programs, pre-opening training, start-up training; *"franchisees (both domestic and international) must come to head quarter for training, they must try washing the cars themselves, of course".* Overall franchise performance is strongly dependent upon the disciplined and unproblematic coordination between franchisor and franchisees, as this operational diligence is necessary for maximizing brand value, ensuring consistency in product and service output, and most fully capitalizing upon management support (Davies, et al., 2011).

Organizational brands are an integral part of a firm's marketing strategy and are valuable sources of differentiation. The value of a franchise system's brand is largely dependent upon the franchisor's ability to enforce contractual provisions that encourage the maintenance of uniform product and service standard (Weaven & Frazer 2007). Especially, the franchise companies with well-known or prestigious brand name gain a reputation for quality and profits for the overall franchise network, which increase the number of candidates willing to become its franchisees (Baena & Cervino n.d.). The interview found that; *"We spent our resources and time to develop and strengthen our brand name by employing a consultant to create the new concept, brand and design."*

Entrepreneurial Marketing

Price bonding or initial franchisee fee and annual payment, from this study, was found not supported our preposition. *"… after rebranding and increase the franchise fee, we can sell more franchise. "Franchising is not just try to sell the low initial franchise fee but we sell the experience, quality operation system and services. That is why we invest in brand building".*

Communication among network and after sales follow up were supported our prepositions, positively associated with the successfulness of franchisor. Franchising involves both franchisor and franchisee relationship through the franchise contract which the franchisor specifies the responsibilities of each partner and how the assets and economic rewards are distributed. Conflict between two parties are likely to emerge if the priorities, timing, and revenue streams between franchisor and franchisee are overlapping (Davies, et al., 2011). Communication improves relations and performance of the franchise system while enhancing franchisees' freedom to act on entrepreneurial tendencies and advance their own business ventures (Paynter & Arthanari, n.d.).
"*We use social media; facebook and LINE as an effective network communication tools. Special meeting with franchisees was held from time to time.*" *"… when they (franchisees) call, you have to go. I believe, having a well-structured organization – sales, marketing, training teams, and the administrative teams to support our franchisees and growth are crucial. You cannot work alone."*

These conform Davies, et al. (2011) that conflict that can be resolved through communication that accommodates feelings and motives between each party is more likely to achieve the perceived realignment of interests, values, and norms, thus strengthening trust. These aligned values and interests among all entrepreneurs within a franchise system will subsequently result in greater brand consistency, and thus overall franchise value (Davies, et al., 2011).

Implication, Limitation and Future Research

This study represents advances in entrepreneurial franchising knowledge. Specially, it contributes to practitioners in which the firm can incorporate the concept of franchising as a preferred method for growing their business. In term of academic contribution, our research demonstrates conceptually through the entrepreneurship, franchising and marketing concepts vital for a successful franchisor. Specifically, we reveal the importance of domain of entrepreneurship who discover and exploit market opportunities. Franchising, as a process, is a unique form of business collaboration between multiple entrepreneurs – franchisor and franchisee. It is our hope that both entrepreneurship scholars and franchising scholars will see this benefits of this intersection.

Limitations of this study were; first, this study acknowledges the quality of the data which was drawn from only one franchisor. Second, this study examined from the perspective of franchisor only. Therefore, the future research that build on the present study should broaden the data collection from many different franchises in various categories in order to compare and generalize the research finding. There is a further need for franchisee's perspective approach that would identify gaps the successful of a franchisor. Future research might also involve introducing additional variables into the model that may affect the successful of franchising. Finally, one might investigate, the quantitative research is needed to quantify the finding and reveal the relationship of each variable to the successful of franchise.

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HOW TO SELL ISLAMIC STUDIES IN HIGHER EDUCATION (INTEGRATED MARKETING COMMUNICATION OF FACULTY OF ISLAMIC STUDIES IN UNIVERSITAS ISLAM INDONESIA)

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Abstract: Talk about education, which comes in mind of course the things that are academic, curriculum, exams and others. But what about the education in private university? In contrast to public universities that are relatively easier to get prospective students, private university has to issue a proper strategy to grab the attention of prospective students, because the biggest source of college revenue still comes from students. Universitas Islam Indonesia (UII) as the oldest Indonesian national university has eight faculties and international program also would have to determine measures to sell the study programs with elegant way. In this case, researcher focused on Faculty of Islamic Studies as the oldest faculty in this campus. As the old faculty with major that characterized by religion certainly has its own challenges to sell their study programs. The fierce competition of universities in Yogyakarta and Indonesia inevitably makes Faculty of Islamic Studies (FIAI) UII should conduct integrated marketing communication strategies to increase the number of applicants in each of the three study programs. This research was conducted with a qualitative descriptive method to know what kind of integrated marketing strategies that FIAI do to attract potential new registrants based on suitable market target of the study programs.

Keywords: Islamic Studies, marketing, UII

Introduction

In the current era, the role of education becomes important. Education became a secondary requirement after food, clothing and shelter. That is why from year to year the number of schools and colleges more multiply. The number and variant courses that opened at the university level is also growing. Competition among college became inevitable. Not only campus in the same region, but also from other regional, and with overseas campuses.

Moreover, competition for fellow private colleges increasingly visible. Some claim the top ranking universities from several different sources is evident from the sale are shown. Starting from the ranking list of the best universities in Indonesia according to BAN-PT (National Accreditation Board – Higher Education), Webometrics, QS Star, 4icu, times, higher education, and so forth. Real competition was conducted to get a lot of applicants and the number of new students with good quality.

Universitas Islam Indonesia as the oldest national campus in Indonesia certainly cannot relax the face of competition between colleges. Although In achievement, in 2013 UII scored institutional accreditation or excellent A among private universities. And overall with universities and private colleges, the university won the sixth (UII raih akreditasi institusi tertinggi PTS, 2015). UII as an institution would have to think about strategies to fully take part in the competition.

Universitas Islam Indonesia (UII) which currently located in the city of Yogyakarta is the oldest national campus in Indonesia which was established on July 8, 1945. Now, UII has eight faculty, such as faculty of economic, faculty of law, faculty of Islamic studies, faculty of medicine, faculty of mathematics and natural sciences, faculty of psychology and socio-cultural sciences, faculty of civil enineering and planning, faculty of industrial technology and International program.

Faculty of Islamic studies as one of the oldest faculties at UII, and brought Islamic studies course has its own obstacles to face the challenges of the current era. Indonesia as one of the countries with the largest number of Muslims in the world would have big consequences. One of them can be seen with so many events that religion, particularly Islam makes indirect impact on the image of Islam. In addition there are so many schools and Islamic organizations as if boxing Islam of their own ideas of interest.

Now Faculty of Islamic Studies (FIAI) has three programs in bachelor degree such as Islamic Education, Islamic Law and Islamic Economy. In master degree, faculty of Islamic Studies has master of Islamic and doctoral of Islamic Law. Interesting to focus research in this faculty, because as one of the oldest faculties at UII but it is the number of students is not too flashy. According to data from unisys.uii.ac.id, the amount in FIAI before the year 2010 in each program of study per batch of about 30 to 50 students. It can be said for a small number of study programs at private colleges, considering most of the operational funds and university courses are still dependent on the number of students.

But the passage of time, gradually the number of students admitted in FIAI began to grow. Total students in three majors in the faculty that in 2010 there were 129 students, in 2011 there are 159 students, in 2013 there was an increase of about 59% and a big spike in the last three years from 421 students, and 578 and 2015 get 562 students (Rekapitulasi status mahasiswa per program studi, 2016).

An achievement that cannot be underestimated with the addition of a significant number of students to faculty who had underestimated this. Manager of faculty absolutely think about promotion and marketing strategies to increase the number of students of the three courses. When viewed from the marketing theory, in determining the marketing strategy as for the steps to be taken to see the fit between market, product and general public awareness. According to Adam Smith (in Tjiptono, 2015: 1) he explains the marketing strategy is seen as a general statement about the direction in selecting target markets and designing and implementing marketing mix. The three main aspects covered are where to Compete (determination of the company selected markets), on what basis to Compete (development of products and services), as well as when to Compete (timing to enter the market and market development activities). Broadly speaking, this study will analyze the marketing strategy of faculty of Islamic Studies and cross checked with the theory of integrated marketing communication.

Based on that background problem, researcher became interested in researching this topic. As for the question of this research is how the marketing strategy of the faculty of islamic studies UII in increasing the number of students?

Research Methodology

The study was a descriptive study with qualitative approach and constructivism paradigm. Qualitative research seeks to understand an event through knowledge. This approach always put the process rather than results. This approach can provide details about the findings of a more complex phenomenon that is difficult to express the quantitative approach. This paradigm considers that the fact that the results of construction or build from the man himself. The fact is a double, can be formed, and is one wholeness. The fact there is as a result of the formation of a person's ability to think. The results obtained from this study in the form of narration, description, photos are not numbers or statistics in quantitative research.

The object of this study is the faculty of Islamic studies in Universitas Islam Indonesia. For data collection techniques are observation, indept interview and litetature review. In this study, respondent selection technique is purposive sampling where researchers had previously select respondents based on several considerations are of course tailored to the needs of research data. Researchers conducted interviews with five respondents. Name respondents include: Rizka Amalia Shofa, S.Pd. I as a public relations and student staff of dean Faculty of Islamic Studies, Muhammad Safarullah as the main coordinator marketing communication (marcom) of faculty of islamic studies, Siti Annisa Rahmayani as public relations marcom, Kurnia alifiani as marcom secretary and Krisnanda as chairman of the division of social media in marcomm FIAI

Discussion

1. Situation Analysis

By looking at the real data about the increasing number of students FIAI significantly in recent years, it is interested in to examine what kind of the marketing communication strategy that they did adapted to the integrated marketing communication theory.

In the analysis of marketing, in an early stage we need to analyze the situation to determine the marketing and communication objectives. While the promotional mix strategies designed to achieve both these goals. First it is important to recognize who the consumers of the company. Since the concept of segmentation gives a handle which is very important in marketing that suggestion to choose a particular part of a very broad consumer audience in order to provide the best possible service (Morrisan, 2010: 58).

Related to this study, when talking about the target market segmentation and new students, FIAI seems more appropriate we ask the right person, she is Dra. Hj. Sri Hariningsih, M.Ag as vice dean FIAI the period 2014- 2018. She said that: "Segmentation students of FIAI is comes from students of madrasah aliyah, and SMA Islam including Islamic boarding school that synergized with learning curriculum on FIAI"

In accordance with the theory of segmentation that must choose one or several segments of consumers only, in this case FIAI select students of Madrasah Aliyah, Islamic high school and boarding school with the consideration they have previously studied at the school on the basis of Islam, so likely they are also interested in continue studying in similar fields.

Speaking of segmentation that cannot be separated from the competitive analysis, FIAI also performs competitive analysis to see who the competitor is in the city of Yogyakarta and surrounding areas. Vice Dean FIAI explained that "STAIN, UIN is the average tuition fee. However FIAI tuition fee also inexpensive. Besides UII, in private university we have competitors such as Universitas Ahmad Dahlan(UAD) and Universitas Muhammadiyah Yogyakarta (UMY), but FIAI in UII have the strength as the oldest national university in Indonesia , has been accredited A and the cost is still affordable".

As competitors FIAI UII, there are two national campus in Jogja among others State Islamic School in Surakarta (Sekolah Tinggi Agama Islam Negeri) and Islamic State University in Yogyakarta (Universitas Islam Negeri) that has advantage for prospective new students in inexpensive tuition fees because the price aspect still an important point in determining the place of study. Meanwhile, the second competitor is another private university in Yogyakarta, among others UAD and UMY that because the tuition fee in the private college still slightly above the national campus. However, she explained that the cost of tuition fee at FIAI UII can also be said to be cheap or not too expensive, and FIAI has strength as the oldest national university, and obtain institutional accreditation A.

Judging from the number of students who initially did not much like students from other faculties, Rizka Amalia as FIAI marketing staff explained that:

"The market of religion program at several universities such as UII (where the field of non religious superior) still low. However, FIAI actually not the only one experiencing this condition. At the University of Ahmad Dahlan Yogyakarta also experienced the same thing. Religion faculty in campus was also not in high demand other faculties. Although the number of students in the FIAI UII itself is not much when compared to other faculties, but it turns out the number of students FIAI UII is still higher than religions faculty at other universities”

In preparing the strategy and marketing plans, marketing practitioners should perform a careful analysis of the existing competition in the market segment. People who focused on marketing should always pay attention to the situation of competition that always changing. The marketing program of the company's competitors may impact the company's own marketing strategy, so that competitors marketing program must continue to be analyzed and monitored (Morissan, 2014: 53).

Segmentation also talk about how to respond to the market, what the market asking for so the company will provide it. In this case, we talk about the determination of tuition fee in FIAI UII when we related with the competitors. The Vice Dean of FIAI UII explained that "Tuition at FIAI determined by the university and cross-subsidies with other faculties in UII because tuition fee of FIAI is cost less than other faculties in consideration with competitors, such as with UIN that slightly cheap, so our tuition fee cannot too high".

She explained that the determination of tuition fees also need to consider with similar competitors. When compared with other faculties at UII, tuition in FIAI can be said to be lower because it is important to respond to the market that the market for study programs in FIAI can certainly reach the purchasing power of potential customers and because other competitors that have already dominated those segments have cheap tuition fee.

This is known as a competitive advantage that particulars of the company which makes it an advantage over competitors (Morissan, 2010: 53) by showing that FIAI UII has good quality because located on the oldest campus, accredited A, but because competitors tuition fees are not high so FIAI implement tuition fees are not too high as well.

2. Promotional Mix

Promotional mix elements carried by FIAI among others:

a. Public Relations

FIAI already focuses on marketing strategies for new admissions from previous years ago with the some ways such as each year (starting in 2011) select students to participate in the educational expo and promotional roadshow of FIAI UII. Although FIAI is one of the oldest faculties at UII, but it looks like the program of study in FIAI has not been heard in the widest range. So, needs to be considered that the sale promotion is one of the factors determining the success of a marketing program. Promotion is an element of the marketing mix focusing on efforts to

Figure 1: Marcomm FIAI First Generation

inform, persuade and remind consumers of their and the company's products (Tjiptono, 2015: 387). To deliver the promotional messages to the consumers, FIAI choose the students that has marketing capability as known as Marketing Communication of FIAI (FIAI).

Rizka Amalia, S.Ag as the staff of the public relations and promotional FIAI tells about the early formation of the marketing communication in this faculty:

"The early formation of Marcomm FIAI in 2014 was formed by Ms. Soya and Mr. Rozi who think they cannot did all of the promotion activities by themselves because they are as lecturer and faculty staff with a lot of routine task and other workload as well. And it was right time to form a specialized marketing promotions team of FIAI. They selected several students who has previous name as promotion ambassador of FIAI "

The establishment of Marcomm FIAI with the consideration that their age (students as Marcomm FIAI) closer with the high school students than lecturer or staff. Marcomm FIAI in the strategy of integrated marketing communications in the realm of public relations. According to Dominick, Public Relations (PR) in this case Marcomm FIAI must be an alternating current channels between organizations and their audience. PR is responsible to explain the company's actions to the public with an interest in the organization or company (Morissan, 2014: 28).

PR must also has a well-planned activity. Because PR should be able to organize and direct the division to achieve certain goals. In this case marcomm FIAI UII has a goal to increase the number of apllicants of the faculty. Siti Annisa said that to expedite the goals, Marcomm FIAI has several divisions such as logistics division which served to produce and determine the type of promotional tools, public relations are established good relationships with external stakeholder, the division of social media to optimize social media internet, a division of direct promotion services responsible for managing the process of dealing with the school's roadshow outside the city, and creative project division in charge of designing a promotional tool.

According to Dominick, PR includes all of things closely related to communication. That is why Marcomm FIAI as public relations need to think about how to communicate with consumers. Marcomm FIAI should give attention to the thoughts and feelings of consumers to FIAI. Marcomm FIAI as PR must be alternating current channel between faculty and their prospective consumers. To facilitate channel between the FIAI and consumers, marcom FIAI need to design divisions support the work of marcom. One of its divisions is the public relations division to establish communication with external parties, in particular, the task of Public Relation division in Marcomm FIAI UII is to establish a relationship with a variety of audiences, ranging from internal to external.

b. Personal Selling

Integrated marketing communication emphasizes dialogue organized with internal and external audiences that are personalized, customer-oriented and technology-driven. (Tjiptono, 2015: 387). "Before the establishment of Marcomm FIAI, strategy to promote FIAI by asking their students to return home town attended the education expo and did promotional presentation in their high schools (Rizka Amalia)" FIAI did customer retention by followed the education expo at the student's high school where it is oriented with relative or a close relationship that has existed between the alumni and the school that shared

experience can be more trusted by younger classes and the teachers of the school.

Figure 2:Roadshow by Marcomm FIAI to Roadshow Marcom FIAI ke MA Nurul Axhar, Ngawi

FIAI designed marketing strategy by direct approach to the target market by roadshow to Islamic school and follow the education expo"The reason why we choose roadshow because we realize that our market is different from other faculties market in UII, so we determine the target are comes from the Islamic Madrasah schools and boarding schools and we already realize that they are our prospective market. Considerations to select location of roadshow can be seen from where FIAI students come from, which is we can see from the data of new admissions "Roadshow conducted by Marcomm FIAI is already suitable with what has been specified from the beginning of the market segmentation FIAI. As explained by Ms. Vice Dean of FIAI UII that their segmentation is a graduate student of Madrasah Aliyah, Islamic boarding school and Islamic high school. And the selection of location roadshow based on the original data before freshman year in which it were easier to provide information about FIAI in place of their alumni who are currently studying in FIAI.

Because FIAI already determine that their segmentation is different from another faculties in UII, so from 2015 and early 2016, FIAI focused on roadshow to the area of West Java, Central Java, Yogyakarta and part of East Java among others Province of Central Java: MAN Magelang and MAN Al-Imam Mathla'ul Anwar Magelang, Province of West Java: MA Al-Masturiyah Sukabumi, SMA Al-Atiqiyah Sukabumi, MAN Cibadak Sukabumi, MAN Sunanul Huda Sukabumi and MAN Cijeruk Bogor, Province of East Java: MAN 2 Madiun, MAN Miftahul Lubab Ngawi, MA Muhammadiyah 3 Ponorogo, and MA Nurul Azhar Ngawi. Special Regional of Yogyakarta: MAN Pakem and MA Muslimin Muhammadiyah Yogyakarta" (Kurnia).

Kurnia (as secretary of Marcomm FIAI) also explains what is described when they did roadshows to schools.

"When we did Roadshow at schools, we presented in general about Yogyakarta City as student city, achievement of UII, and departments in Faculty of Islamic Studies. We wanted to show the advantages of each departement. For example: Islamic Education department, if you study here what will you get, and and we will show that not just always study about the science of religion in general. For practical example, if you start the fasting month usually Just out of the confirmation hearings on television but they do not know the process rukhiyatul moon, and in department, they offered and facilitate the students to practice it directly "

By meet face-to-face with consumers, Marcomm FIAI can directly explain what they want to tell to consumers about the advantages FIAI and what will they obtained when they studied there. Additionally, Marcomm FIAI also gives examples of how the use of applied knowledge of Islam that provide direct benefits in everyday life, for example when the fasting month of Ramadan began. In promotion roadshow, they also take interactive discussion discussion with high school students.

Promotion roadshow to schools that did by Marcomm FIAI included in the elements of the promotional mix. That is personal selling which is a form of direct communication between sellers with prospective buyers (person - to - person communication). Seller seeks to help and persuade potential buyers to purchase the products offered. (Morissan, 2014: 34). In this case Marcomm FIAI attempt to persuade prospective students for admission to study in FIAI. Unlike advertising, personal selling strategy involves direct contact between seller and buyer. With direct interaction, Marcomm FIAI can listen to the of the students of these schools.

Personal selling in IMC has individualized characteristic and personalized communications that enable the seller to adjust the message based on specific needs or special situations prospective buyers. Personal selling allows the direct feedback and more precise because of the impact of a sales presentation can be judged directly by the reaction of potential buyers. If feedback occurs is considered less good, then the seller can modify the messages. Personal selling can also be addressed to the prospective buyer that is considered become the most potent and most prospective to become customers in the future.

Based on the description of the theory of personal selling in IMC, the roadshow conducted by Marcomm FIAI did to be able to communicate directly with consumers through the presentation in classes, and can directly provide the information needed by consumers i.e high school students or teachers. Marcomm FIAI also can directly modify the information that must be submitted after receiving the response from prospective students.

c. Direct Marketing

Other than personal selling, Marcom FIAI also did direct marketing. Muhammad Safarullah as main coordinator of Marcom FIAI explained that: "Due to our segmentation are young people, so we use social media which mostly young people use it. When we did the roadshow, we noted all of the email address of this school students and after that we send our faculty brochure via email" "

Direct marketing is part of the personal selling. It Already described in the preceding section that

Marcomm FIAI making a presentation when the roadshow to several Islamic School in Java areas. When roadshow, they also collect email addresses from the high school students and then they send digital brochure via email. It is included in elements of direct marketing includes the activities of mail delivery (direct mail), save catalog companies, including database management and telemarketing can be through one of the Internet media (Morissan, 2010: 22). Through brochures sent via email, the organization wishes to be able to communicate directly with potential customers and get direct feedback from them.

d. Advertising

Integrated marketing communication strategy not only made directly and personally (can be face to face or through the media), but also through intermediary by mass media.

Described by Rizka that "FIAI ever put an ad in education magazine, they promote the content of the new admissions in many colleges, in contract we paid once per year. FIAI ads set on the first page, while Ahmad Dahlan University campus on second page ". Advertising is also one of the common strategy of promotional mix. Advertising is a form of nonpersonal communication about an organization, product or idea that paid by the sponsor (Morissan, 2014: 17). Ad involve the mass media. In this case FIAI used print media i.e education magazine that can send messages to a large number of groups of individuals simultaneously. Although advertising is non-personal communication, but the selection of ad as elements of IMC can be seen still a form of the best known promotion and most widely covered people.

Judging from the advertising advantages, it can be understood why until now the form of promotion through advertising in the mass media still provide extensive exposure. FIAI put an ad in a education magazine with consideration could be marketed more widely, so the content of ad can be read by readers of the magazine in which it was entered as the excellence of the public presentation. Moreover, seen from the placement of news content of ad, that is good promotional techniques because placed on first page and in addition because it was in education magazine which contains alot of collection information of school and campus in the region. FIAI ad content on the first page while Ahmad Dahlan University on the second page where it makes the audience have space to compare one message to another from a number of competing producers (in this case is education institution). It was included in the primacy ad as the pervasiveness.

e. Interactive Marketing

Because the high cost of advertising in the mass media as described in the preceding section, other integrated marketing communication strategy chosen by FIAI is an interactive marketing through social media on the internet. Rizka explain why Marcomm FIAI start focusing interactive marketing that: "Marketing in social media as well as to bridge the guidance of the age when the current one cannot be separated from social media internet. Today if people want to know everything they just search on internet. So if we want a lot people know about us, it means we have to add social media accounts and more productive. We update news and blow-up on any greatest news of our faculty.

The use of social media on the internet becomes very difficult to separate in daily life because internet presents easy-accessibility information. For one of marketing strategy, Marcomm FIAI focus on social media as part of the internet media. That is because social media reflect a variety of new sources of online information that is created, instantiated and used by consumers with the goal of educating each other about products, services, brands, personalities and relevant issues. Therefore, social media is often called consumer-generated media (Tjiptono, 2015: 395).

Figure 3: Facebook Fanpage of FIAI UII

Related to that, marketing through social media conducted by FIAI more show good information.

When speaking of social media, we also need to talk about what kind of the content on media. Associated with social media, it will be explained further by Krisnanda as head of media division of Marcomm FIAI.

To popularize FIAI video company profile, they upload it to Youtube. Youtube is media sharing sites that allow users to share content of media such as photos, video and pictures. Through the video company profile, they try to give illustration how study in FIAI more dynamic and diverse. They choose Youtube because it is a medium with a very low cost (even zero cost) when compared with advertising in the mass media, but also can be consumed by a broad audience as well as advertising.

Besides Youtube, Krisnanda explained that Marcom FIAI also use other social media because high school students today as social media users. Video company profile (at the time) became one of the content on social media Facebook which is got great response in two weeks,and in top position on the fan page. Marcomm FIAI handle several social media accounts such as Facebook Fanpage, Line, Path and Instagram.

Krisnanda said that besides video company profile, FIAI social media also regularly upload its branding contents, among others: achievement information of students and lecturer, Marcomm FIAI visit to schools, high school visit to UII, and also the activities held by FIAI that can be regarded as marketing and branding activities.

Figure 4: Boarding School La Tansa Banten visit to UII

Conclusion

Overall, based on the analysis of integrated marketing communication (IMC) strategies can be seen that the segmentation and target market of FIAI UII has been clearly established those are students from Islamic high schools and boarding school. FIAI has competitors such as STAIN, UIN, UMY, and UAD. FIAI adjust the tuition fees based on competitors so also cannot very high. According with IMC theory, the promotional mix did by Marcomm FIAI among others (1). FIAI Marcomm team which consist of students become public relation to connect directly from the faculty to the consumer. (2) Marcomm FIAI did personal Selling by a roadshow presentation to Islamic high schools, Islamic Boarding Schools and Madrasah Aliyah which suitable with segmentation has been determined from previous situation analysis. (3) Direct marketing by sending digital faculty brochures to email addresses high school students who previously obtained when did a roadshow to several schools in the province of West Java, Central Java and East Java. (4) Advertising by set advertising in education magazine once a year (5). Interactive Marketing through social media Line, Path, Instagram and fanpage Facebook, with content such as: video company profile of FIAI, Marcomm FIAI activities, activities of the University and achievements of faculty.

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INTERNAL MARKETING ENHANCES BUSINESS PERFORMANCE

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Abstract: Marketing Management nowadays needs to face up to the rapidly changing internal and external business environment. Enterprises today have to fundamentally change their approach how to successfuly enter the new knowledge economy. They first must get rid of their inflexible rigid hierarchical organizational structures which only serve to inhibit the necessary changes. The solution is to create within each company newly cooperating and organizationally linked teams that also receive sufficient autonomy to be able to collaborate internally with each other while achieving common goals. It is only by employing this organizational style of structure that Knowledge Management can be fully realized. The emergence and development of a community based culture of an organization can best be stimulated by its top management via the quality of its internal communication. The classical marketing communication of a company mainly affects its customers and is designed to ensure the implementation of its strategic marketing and operational objectives, including PR and sales promotion. Nowadays though, with the development of the global activities of firms, the struggle for the knowledge of their workers begins first at the labor market. The most important task of top managers is to retain their „key persons“ and to support their personal development whilst ensuring their participation in the projects and designs of the future. Therefore, a modern top management must treat its own employees the same way as it treats its customers and clients.

Keywords: Marketing communication, stakeholders, competencies of a manager, knowledge workers.

Introduction

Marketing management today must face the rapidly changing internal and external business environments and satisfy the requirements of its stakeholders. In the current business environment it is difficult to predict unforeseen changes. If companies want to survive now, they need to respond appropriately to the changes in the competitive rules of global competition, to climate change, to the gradual depletion of conventional sources of energy, and to the political instability of the modern world. As the future cannot be estimated sufficiently accurately, management and organizational structures should adapt their strategies to these developments.

At the end of the last century, most managers would use sophisticated mathematical and simulation models based on the assumption that people make decisions rationally and that the extremes balance the market. In crisis situations, however, these approaches have often failed because people and hence managers do not actually behave rationally in most cases. [3] And at a time of overproduction their decisions can influenced by their emotions. This latter factor can also significantly affect their corporate management abilities.

On entering the new knowledge economy businesses need to be fundamentally change their approaches. They need to be able to rid themselves of any inflexible rigid hierarchical organizational structures which rigidly fail to support any necessary changes. The best solution is to create internally cooperating, organizationally linked teams. These should have sufficient autonomy in the organization and fulfillment of their tasks, and the possibility to collaborate internally to achieve their common business objectives. The foundation of success for this teamwork lies on the assumption that their team members take their participation in their common objectives and targets on their own. This undertaking

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will result in the creation of a mini-community, based largely on informal relationships. Therefore this requires a radical change in staff thinking.

Top Management employing effective tools must therefore be the initiator of such a business transformation. This involved having the correct vision, strategic objectives, strategies and right project implementation. Because this is such a fundamental change in the organization of a business, it is necessary before starting to win over a sufficient number of managers and knowledge staff for these ideas, ideas which would need to be supported both formally and informally. The goal is to have similar management structures as have universities or hospitals today. Knowledge based staff inside a company can create communities for solving these problems or tasks. However the promotion of such an organizational change is definitely not easy. The implementation process of such a change is primarily aimed at overcoming the natural resistance to change. This is unfortunately quite standard and generally accepted for most workers. There are seven individual steps in changes that are copied in parallel by the so called phases of change curve, which every worker undergoes during the course of changes: [46]

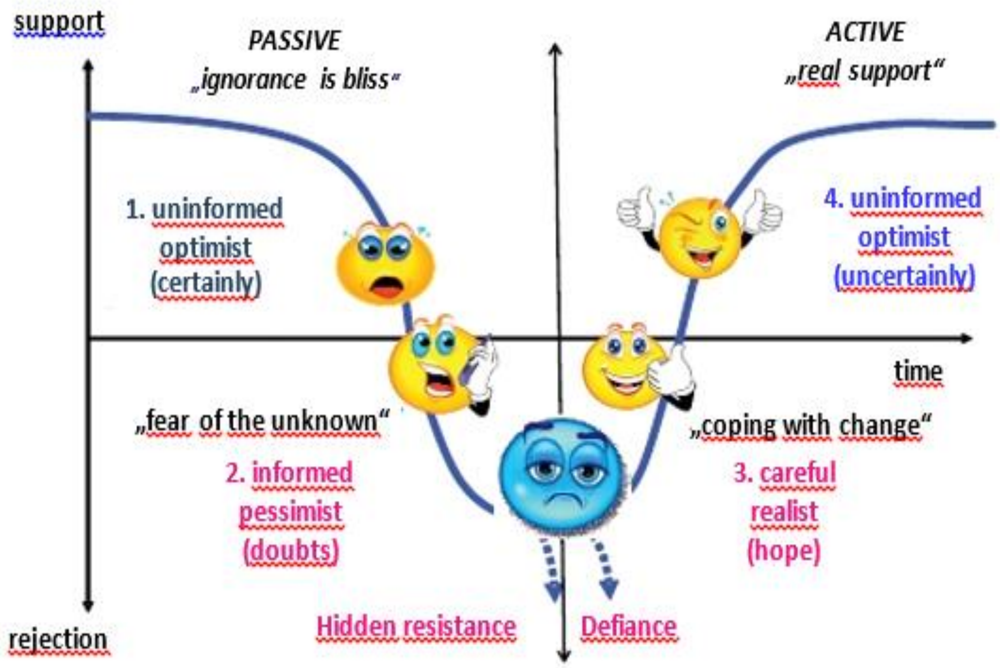

Figure 1: Phases of change from the perspective of a worker, Source: [1]

We eliminate resistance to change only by employing the corresponding communication techniques. The basic precondition for the effectiveness of this communication is the trust between the manager, who is responsible for the implementation of these changes, and all of those involved in the changes. All the involved parties experience change, and any implemented changes emotionally. This experience can best be demonstrated by the following model – the so called Emotional Curve of Change that divides the individual perception of the change process into seven successive stages.

Managers and leaders must understand the progress of the emotional perception of each phase of the changes in their employees, and they even have to respect their individuality.

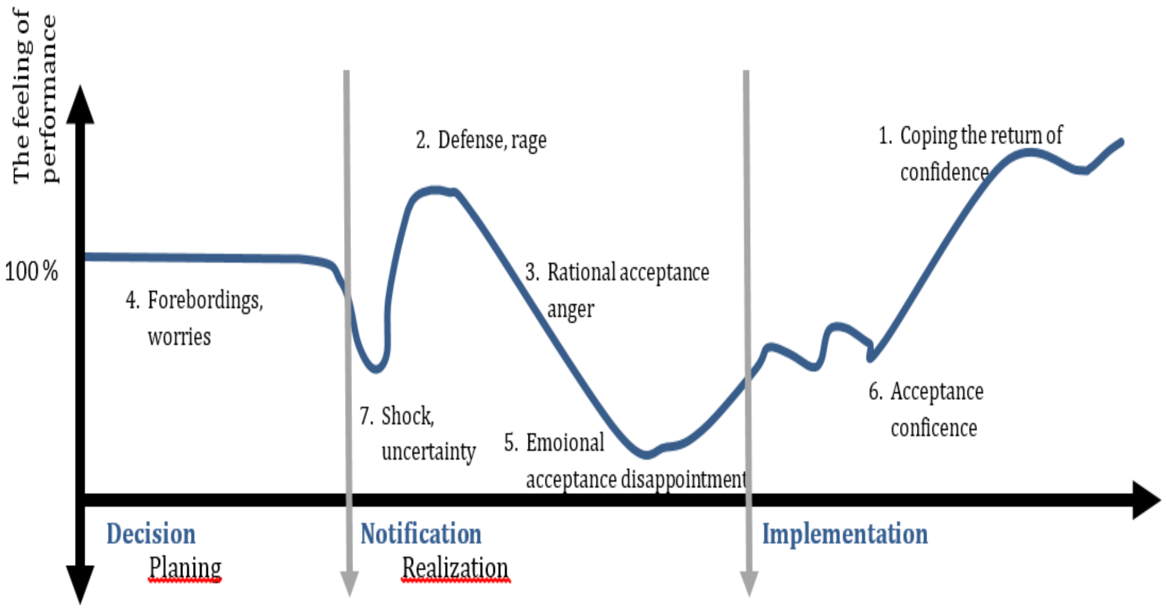

Figure 2: Perception Changes Curve, Source: [3]

In order to overcome all these stages of change and to have the proper response to these perceived changes, top management needs an effective communication system, and one which will affect all company staff. Top management not only expecst change in its organization, but subsequently also a significant increase of creativity, of its innovation capabilities, and ultimately of business performance. Top management must approach all the actors of this change as they do with a customer - the client who is the source of income for the organization and who participates in the prosperity of the organization. [8]

For this situation, top management needs to change fundamentally the existing model of communication. Classical marketing communication affects mainly the classical customer and is designed to ensure the implementation of strategic marketing and operational objectives, PR and sales promotion. It strives to maintain its existing customers and to acquire new ones. In order for the company to prosper, this external marketing communications is of course essential.

This classical model of effective marketing communication can be represented as follows:

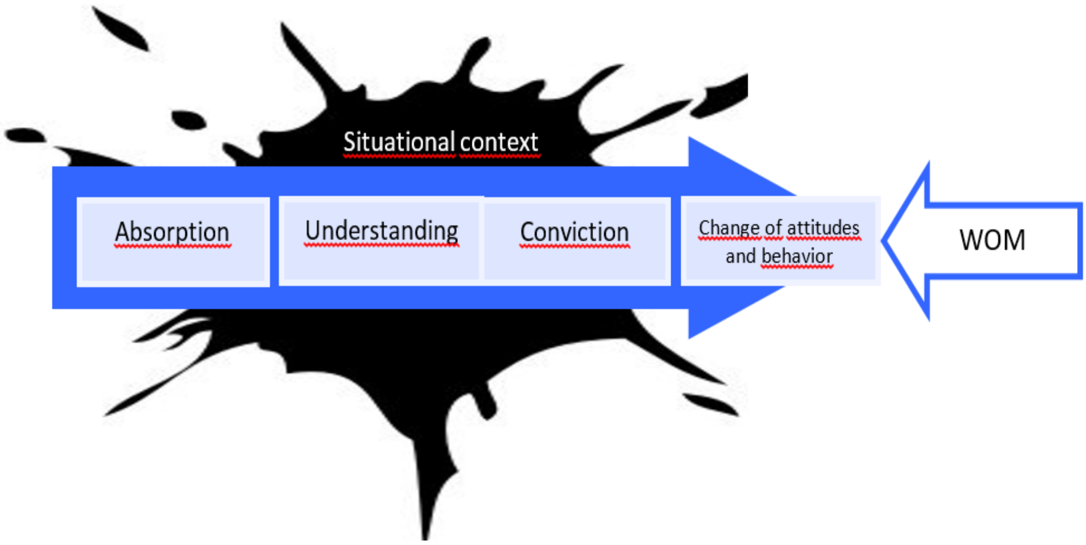

Figure 3: Model of effective marketing communication, Source: [2]

As a suitable tool for their work a marketer uses the Communication Marketing Mix consisting of:

The typical communication objectives of classical markting and marketing communications are the increase of sales, the awareness of the company and the brand, the influencing of the attitudes of customers and the public to the company and its brand, the strengthening of customers´ brand loyalty, and finally the stimulation of the customers for purchasing and building up the market.

Figure 4: Communication mix, Source: [2]

The marketers project a communications strategy for every element of the communications mix .

The External Communication Mix in the classic concept consists of:

Advertisement

Direct Marketing

Sales promotion

Public relations

Event marketing and sponsoring

On-line communication

Fairs and Exhibitions

The model of making communication strategy can thus be broadly described as:

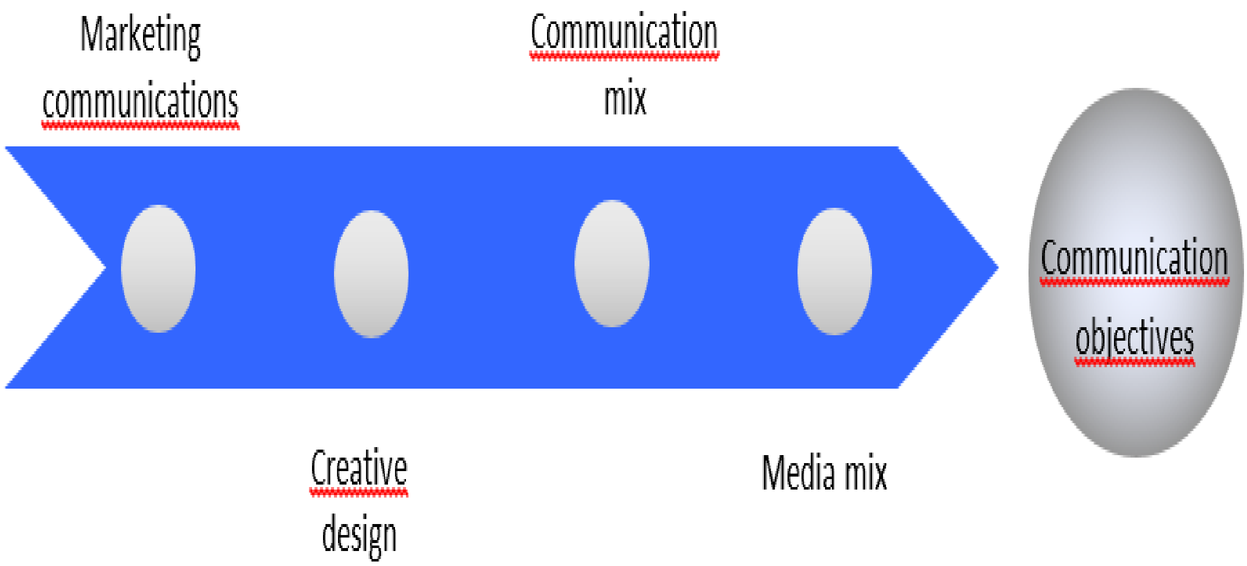

Figure 5: Key decisions in the creation of a communication strategy, Source: [2]

This process of the creation of a communication strategy is finally completed with the project of communication and media mix towards the customers.

In the modern knowledge-based enterprise, the sources of profit are not only customers, but also the copmpanys own knowledge staff. Businesses are always looking hard for such workers. Because the labor market now begins to show a significant lack of these knowledge workers, they do not have any problem in finding a place at the competition. And if the competition can get such a worker he/she takes away part of the know-how of the company.

The Leaving of skilled workers will significantly impede knowledge-based management in their enterprise, and it may damage the interpersonal relationships and trust of employees and staff in their top management. The question now is how to address this situation. The solution can best be found in a change of the top management approach to these workers.

Top management must consider the employees of their company as being valuable clients, and all their decisions should be done not only in favour of their external customers, but also from the perspective of their own employees. Thus a synergy of interests of both actors must be found. The vital requirement of a company therefore is its client approach to its customers and as well as to its employees. For the formation of a positive opinion of these employees of their company, it is useful when an enterprise not only prevents its employees leaving , but also when it creates a qualitative internal activities and internal marketing communication mix aimed towards the satisfaction and loyalty of its employees.

Thus existing competencies of the existing external marketing communications of a manager should now be enhanced by the requirement for competence in the design and implementation of its internal marketing. Internal marketing here refers both to the maximum satisfaction of employees and to the applications of the marketing mix tools for internal corporate relationships [14].

Internal marketing deals with the examination of what would motivate employees best within a company to increase their efficiency and to create a better opinion about the company itself. And also on the contrary, with those factors which would demotivate them.[15]

The marketing communication mix for the external environment is closely connected to the marketing communication mix for the internal environment. Its planning and implementation for the prosperity of a company is as important as having the right combination of the external variables of the marketing mix. An effective model of internal marketing communication will increase the company's efficiency and its competitiveness.

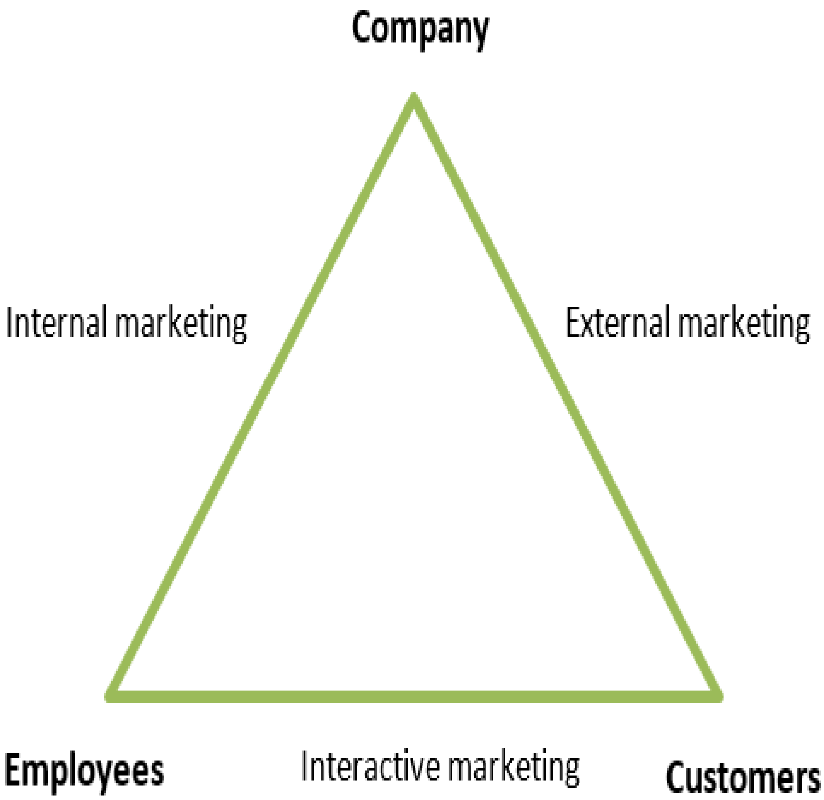

Figure 6: The relationship between external, internal, and interactive marketing, Source: [15]

So if the company is able to specify what exactly the company wants to offer to its employees (in exchange for their work effort and loyalty), and what the company itself wants to sell to its employees, it then finds it will have, as in th normal communication mix for internal communications mix, the available tools that complement each other.

The main forms of marketing communication that companies most often implement towards their customers can be also be applied towards the employees of a company.

Then the various forms and their combinations cover the whole internal marketing communication.

The following overview of specific tools, listed in the table below, can be a good example of the application of the classical communication mix in the internal environment of the company.

Table 1 An overview of specific tools in the internal communication mix, Source: [9]

Advertisements	Promotion of new campaigns, new employee benefits, an invitation to corporate events published on bulletin boards, intranet or in the company magazine, etc.
Sales promotion	Marketing materials and promotional items (such as corporate T-shirts) during special campaigns, internal trainings, discounts for the purchase of corporate products and services etc.
Public Relations	Regular business meetings, sports and social events, regular assessments, errands of managers, regular news about the success of the company and general developments in the company – via intranet or via e-mail or published in magazine, etc.
Sponsorship	Employee benefits, contributions to cultural events or sporting events, corporate clothing, etc.
Direct and interactive marketing	News, intranet presentations, online contacts, leaflets promoting changes or new products, managerial communication etc.
Viral marketing	Dissemination of good news within the company, spreading goodwill to the external environment.

Moreover, because of the current shortage of skilled labor, company management needs to build an internal communication mix that will use the following variables to resolve these problems:

Possibility of career growth

Possibility of further education

Pleasant and stimulating corporate culture

Satisfaction of the social needs of employees

Availability of the workplace

Salary and benefits

Self-realization

By modeling these variables, the personnel stability, quality image, uniqueness, creativity and attractiveness for the enterprise, its customers, stakeholders and job seekers can all be ensured.

The modern manager can systematically build his/her methodology, technology and competence for the modeling of these variables:

Possibility of career growth (horizontal and vertical):

To enable the opportunity for every worker to realize his life goals.

To allow him to pick either the position of a manager or a knowledge worker.

Knowledge workers require constant possibilities for their professional self-education, the freedom to be creative and they can see their career in the horizontal plane.

In contrast, people who aspire to management positions, can see their career in the vertical plane development of their managerial competences.

Top management must offer solutions to these workers in their career rules and schedules, training programs for staff, fellowships, etc.

Pleasant and stimulating corporate culture

The knowledge worker does not like a prescriptive environment. He prefers a workplace where people are happy, where there is a good team spirit, and where he will find friendly relations. Building such a corporate culture is another aim of top management.

Satisfaction of social needs

Top management must strive to support extracurricular staff activities. Workers appreciate these public and subsidized recreational events, they appreciate help with the solving of the life situations of their family members, ther promotion of their health and retirement needs,etc. The low costs in these areas can prevent significant losses when the worker leaves on competition.

Availability of the workplace

When top management thinks about its enterprise development, an important criterion for deciding the place of work is its accessibility, including sufficient parking capacity.

Flexibility of working hours and the possibility to work from home („home office")

A significant variable that influences worker satisfaction is the possibility of flexible working hours and work from home. This variable is particularly important for women caring for small children. However, the psychologist Gail Kinmanová of Bedforshire Univerity, showed in her research that flexible working hours and work from home caused insomnia and can lead to a propensity for overeating. Research in the Czech Republic showed a diversity in the interest of enterprises in their types of working time as shown in the following table:

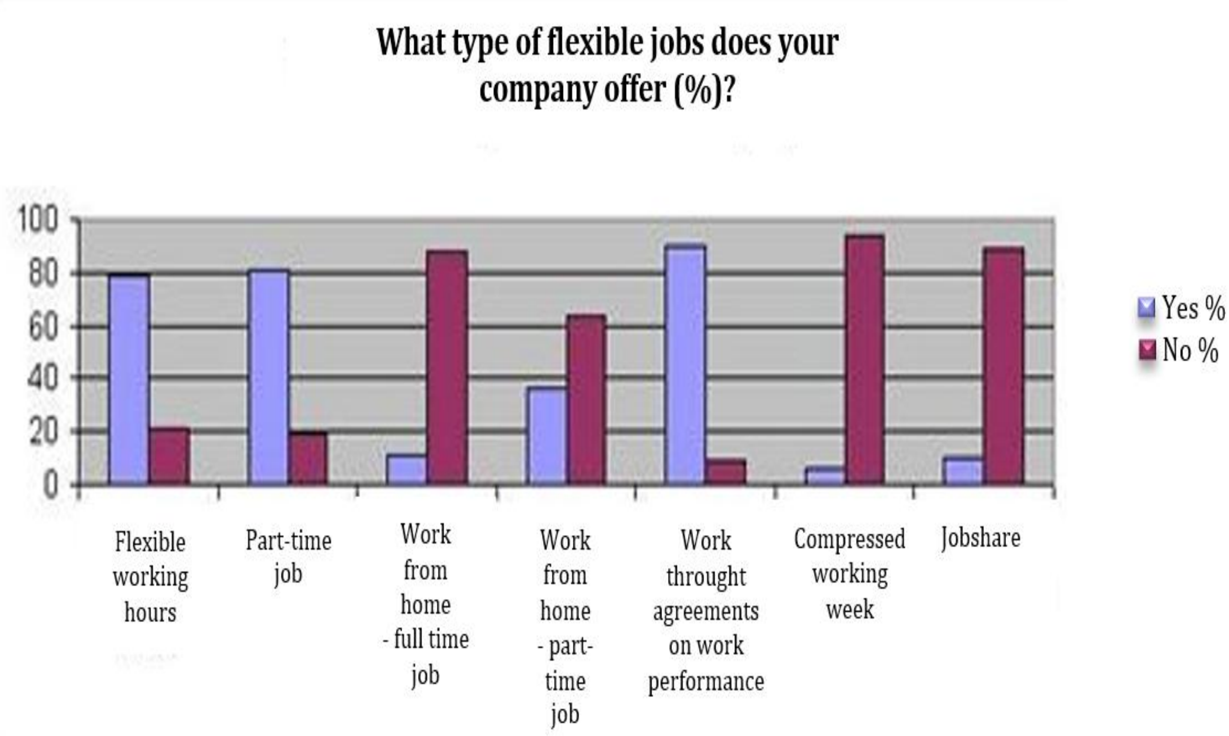

Figure 7: Percentage of preference types of flexible jobs in the Czech Republic, Source: [10]

IBM Czech Republic allows its server administrators to work from home. The quality of their work is at the highest level, their workers appreciate this possibility and they don´t point any of the above mentioned problems.

In Britain, if the employee has been working for a company for more than six months, he/she has even the right to apply for a flexible start or end of their working hours. Working outside the office („home office) or a part-time job can be partially socially isolating for the worker, but top management can replace this deficit by using targeted joint activities. [12]

Salary and benefits

Most manufacturing companies make up their salary from two components – a basic salary and a bonus. The basic salary is guaranteed to a worker. Premiums are variable and mostly depend on the worker's contribution to economic performance. As for knowledge workers, premiums depend not only on their contribution to economic performance but also on the contribution to the development of the company as a whole.

It is not only the amount of the premium that is important, but also the ratio between both components of the salary.

In companies in the Czech Republic the most commonly used ratio is 70:30 (70% of salary consists of a basic salary and 30% is the premium). In the case of a further increase in staff salaries, the above mentioned ratio is usually maintained. If the amount of the bonus is below 20%, it causes zero motivation for workers.

A manager must also decide whether to give priority to an individual approach for each employee or a team one, and whether an individual performance is more important than a team performance. The most suitable alternative is a combination of both. In the community structure of a company, it is useful to give sufficient freedom for working with the premiums of team leaders.

Employees are not motivated though just by their salary. There are other benefits which play an important role. Companies use them to build up the loyalty of their employees and the motivation of their employees. Benefits can also be an important decision criteria for job seekers when deciding between several job offers. The offer of corporate benefits is very wide - from subsidized meal vouchers for refreshments at the workplace, to more vacation days, use of a company car, or other leisure employee benefits.

The following two graphs show the percentage of firms in the Czech Republic that use the following benefits:

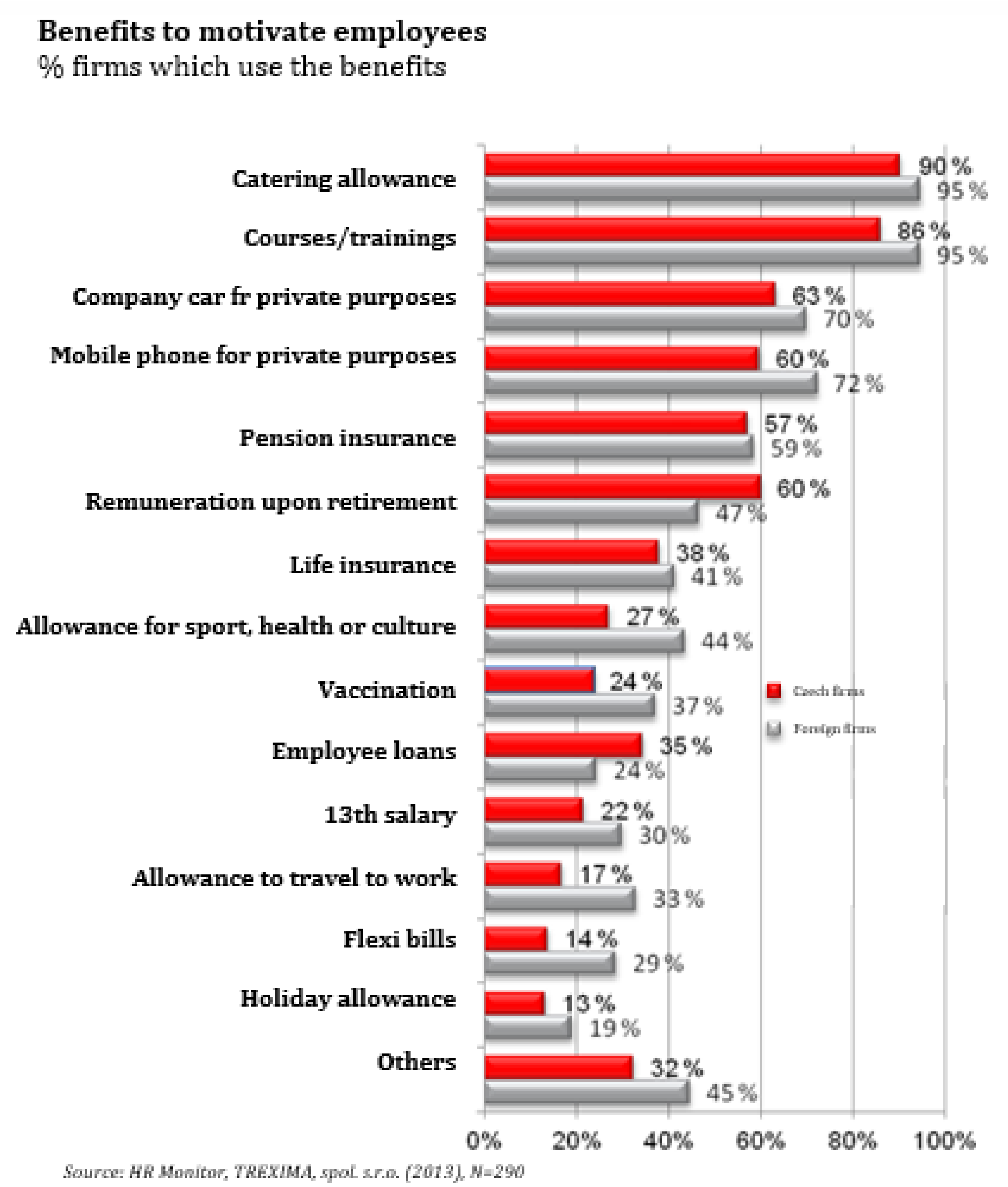

Figure 8: Benefits and motivation of employees, Source: [11]

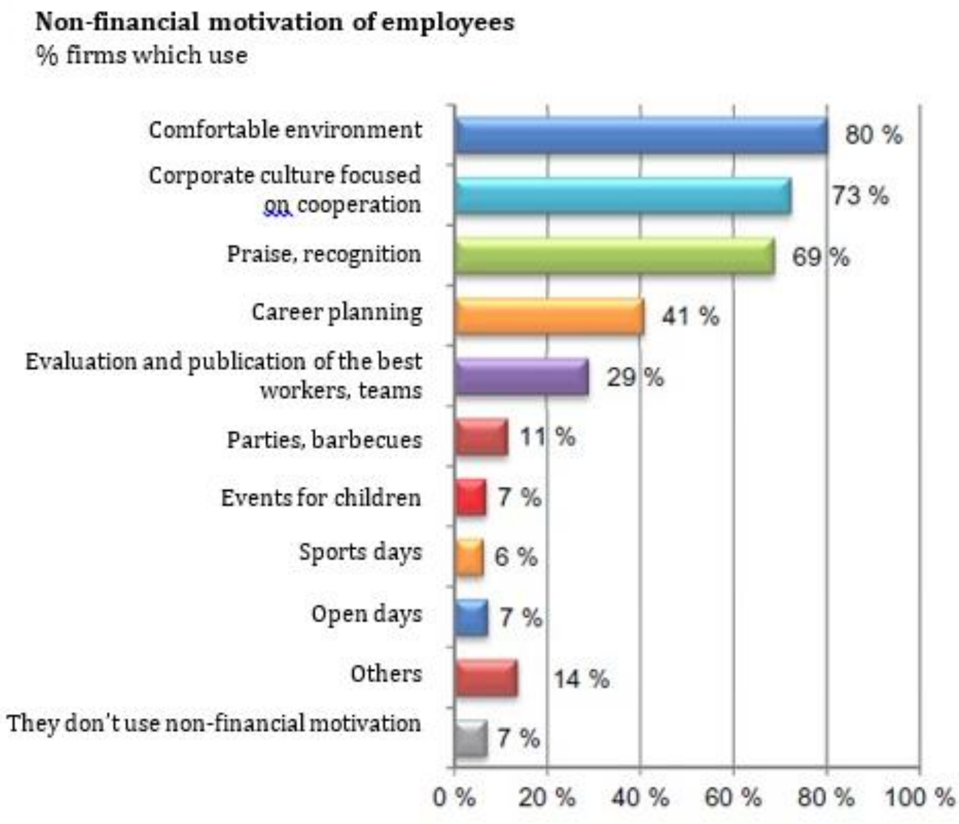

Figure 8: Non-financial motivation of employees in the Czech Republic, Source: [13]

The following graph relates the number of offered benefits with the productivity of labour:

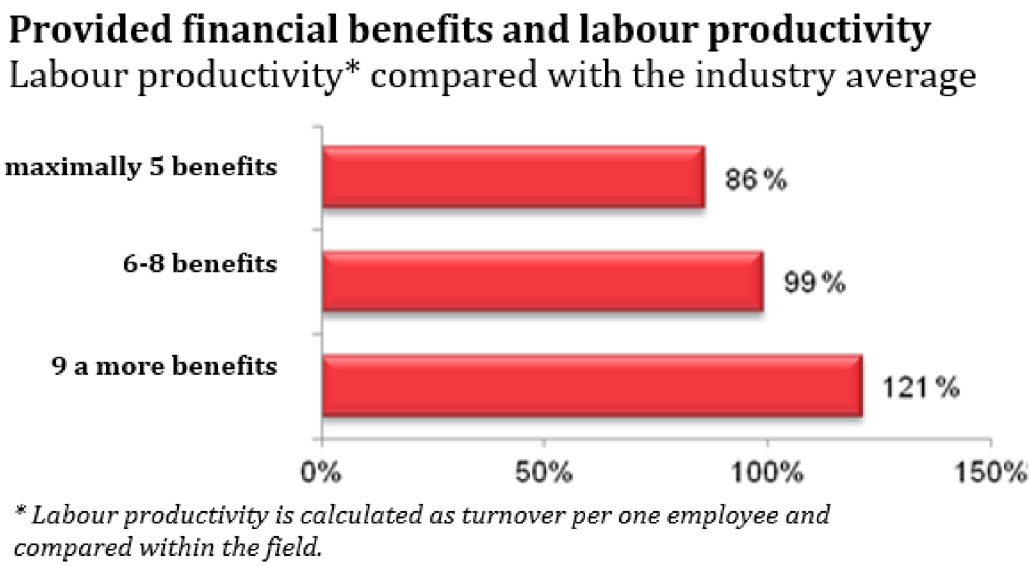

Figure 9: Interconnection between benefits and productivity of labour, Source: [11]

It shows the degree of dependence of labor productivity on the number of benefits offered by an employer.

Amongst popular benefits in the Czech Republic, are the online portals - the so called „Cafeteria“ In such an application, employees log in with their username and password. Then you can pay in normal shops or e-shops with a benefit card by using a unique number and PIN.

"Bonus Sacrifice" is a product in which an employee can decide whether he leaves his assigned benefit points in the cafeteria, or whether he transferes them to his salary (and of course this is then appropriately taxed).

Self-realization

The highest goal for the knowledge worker is his self-realization. He is then aware of his importance for the prosperity of the company and he wants to manage his work himself as much as possible. His desire is thus logical - if he has to create, he needs freedom. It is in the interest of top management to create such conditions for their knowledge workers so that they can feel that they have sufficient space for their self-realization.

Another goal of internal marketing communication is to build up good internal PR. PR activities are therefore a part of the marketing is focused on the key groups in both the internal and external public - ie. customers, suppliers, other experts and the general public, but also on the employees, shareholders or other owners, thus indicating the entire group as stakeholders. The biggest group on whom internal communication focuses are primarily the employees. For this reason, PR which is a part of internal marketing, must also focus on them. PR is based on the communication strategy of a company, which includes the whole company communication with all its partners. This communication strategy is based on the company's strategy and the means for its implementation. By the communication strategy, we understand by this a summary of the basic objectives and the means to achieve them. [9]

Table 2 External and internal PR activities

Activities focused outside the company	Activities focused inside the company
Press Press conferences, press releases, annual reports, company profile, web-internet presentation, discussion forums, competitions	Rlar Regular reporting on the company's market position, the company activities, strategies, plans and their implementation through regular corporate or team meetings, e-mail or regular news sections on the Intranet, Intranet, Discussion forums, competitions
Regular meetings with business partners	Regular managerial errands among employees, discussions
Professional, social and sports events	Internal training, social and sports events
Case studies, articles about products or personalities of the company, successful projects, references	Case studies, articles about products or personalities of the company, successful projects, references mediated to employees via a corporate magazine, boards or intranet
Sponsoring	Sponsoring of employees´activities, social benefits for employees
Open days of the firm	Open days of the managers (top management)

As we have already stated, enterprise knowledge management is based on the community culture of a company. From this it then follows that if today's organizations want to succeed well in the first decades of the 21st century, they must first abandon their old rigid hierarchical organizational structures, and then establish their presence in a cooperation network of interconnected teams. The success taking place is conditional on a radical change in the owners´, managers´, employees´ and all participating interest groups´thinking.

The first step to this building up of a community organization is the formation of small autonomous teams, managed for the support of community cooperation in the solving of their important specific tasks. The initial impetus for them is first given by the engaged managers. By using such measures and with targeted internal communications, top management should then be able to promote not only the creation of these teams but also their successful cooperation.

In this process where top management takes these community teams in the same way as they take clients for realizing their goals, we then will have a new way of communication used by top managers including the employment of team leaders and all knowledge workers all playing a significant role. Because these teams and knowledge workers are the owners of the very knowledge which becomes the most important source of enterprise profit, it can thus be expected that it will be necessary to find the answer to the following question: „What is the most effective way of bonding first the gold collar workers and later the knowledge workers into the ownership structure of the company?„

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THE STRATEGIES OF USING VIRTUAL COMMUNITIES IN BUILDING CUSTOMER CAPITAL

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Abstract: In the conditions of growing demand and rising barriers to customer requirements, the key competence of the company that determines its duration and development, is the ability to create the customer capital. This ability is directly related to the building and transferring of knowledge. The customers are becoming a source of knowledge for the enterprise more and more, who create their own initiative or are inspired by the enterprise. Virtual communities are embroiled in a web of relationships enabling interactive communication message, the content of which can be used in the process of: design, manufacturing, delivery and communication of values. Realizing the potential of virtual community generates business opportunities to create a unique product. Such a product meeting the functional and emotional tasks defined by the customer, is created on the basis of relationships grounding on cooperation and commitment of the customer, which positively reflect the stability of the relationship, and thus reduce the risk of capital engagement. The research on changes in attitudes and behavior of customers and on the emerging challenges for the company, identified the opportunities and barriers of building the knowledge base with the help of virtual communities and show that the effective use of the potential of virtual communities in the process of customer capital creation requires not only the development and implementation of strategy integrated with the global strategy of the company but also building an organizational culture open to the implementation of the customer's interest. The verification of the hypothesis is based on the analysis of scientific research centers and other studies in the literature.

Keywords: knowledge resources, customer capital, virtual community

Introduction

The XXI century is the century of a turbulent change: technical and technological information revolution, intensifying processes of globalization, but above all, the age of the struggle for the customer. The crisis of overproduction, accompanied by: a steady increase in the number of suppliers capable of providing essentially all of the expected customer value, after getting a lower satisfaction cost, implies a radical change used so far to compete (Kaplan and Norton, 2002, pp. 22-23). Quick implementation of new technologies, perfect financial management, increase of productivity, improvement of standards, realization of economies of scale or maximum standardization are the conditions necessary but not sufficient for the protection of long-term supply of capital for the company (Doligarski, 2006, p. 433). In the new conditions of source management of competitive advantage is no longer the quality of the product, not even customer satisfaction created by delivering the value expected, but it becomes a lasting relationship with the customer, based on loyalty and profitability.

The value of that relationship is identified with customer capital, which in essence reflects the economic utility of the customer. This utility is inextricably linked to the market and resource potential of the customer, and therefore with his/her ability and willingness to direct and indirect capital supply, which ultimately translates into the customer value for the company and the value of the company itself (Caputa, 2015a, pp.14-15). An important determinant of that power is the duration of the relationship. When striving to maximize the benefits coming from the capital engaged, the company faces

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the necessity of not only acquiring the customer, but also to maintain and develop this relationship in the long term. The road to this goal is to build satisfaction, intimacy, trust and customer engagement (Prahaland and Ramaswamy, 2000, p.80, Rudawska, 2008, pp.178-190).

Creating and maintaining the advantage based on profitable and permanent relationship with the customers in the conditions of increasing demand barrier, requires offering a unique product on the market that the customer selects from the whole mass of others, guided by the subjective and variable criteria, which go far beyond the nature of the product (Doyle, 2003, pp.270-272, Bielecki, 2006, p.257, Caputa, 2015b, pp. 77-79). A unique product is the company's reply to the needs of the customer, which in the subjective customer's assessment solves problems better than the competitive products (Caputa, 2016). Creation of such a product is not easy, especially that, the above mentioned changes also had an impact on the attitude and customer behavior, and it is so clear that today it is commonly spoken about the phenomena of the "new consumption" (Bywalec, 2007, p.137), or "intelligent consumption" (Havas Prosumer Report, 2014). As a result, customers today are: educated, aware, active and increasingly demanding participants of the market game. When making decisions about the capital supply for the company, they evaluate not only the final result of the company's activity through the prism of their experience and information from other market participants, but they evaluate the whole process of creating, delivering and communicating on the market, in the context of its impact on the environment and compliance with ethics, resulting in the greening of consumption. They more and more often direct their spending to meeting the needs of a higher order, which results in servicing and dematerialization of consumption. They manage time, waiting for the possibility of transferring the places of meeting the needs from public institutions to the private space and accessing them at any time. They also look to a free choice of information contents, as well as creating and offering their own content to other customers, which translates into an increase in virtualization of consumption. They expect a personalized offer and are willing to participate actively in the process of its creation, which confirms the growing phenomenon prosumerism.

As it stems from the above, the creation, delivery and communication of a unique product on the market of in the conditions of growing price pressure, forces the companies to develop new skills, the effect of which is primarily to understand the customer, and thus provide them with the expected values: faster, better, more convenient and cheaper (Caputa, 2015b, p. 57). The starting point for achieving this objective is to obtain information and resources to generate awareness about the value that determines the user (customer) satisfaction. In consequence, the source of knowledge for the enterprise are becoming the customers more and more often who, using their own initiative or inspiration from the enterprise itself, establish virtual communities and become caught up in a web of relationships enabling interactive communication transfer, the content of which can be applied in the process of value creation. This explains the growing activity of enterprises in terms of the utilization and development of the resource potential of online communities (Gassmann *et al*., 2012, p.175).

From the perspective of conducting business activity a fundamental issue, however, is not whether to use these communities, but how to use them to maximize the benefits of the capital employed? The main objective of the work is to identify the opportunities and barriers of building the knowledge base with the help of virtual communities and to verify the thesis assuming that the effective utilization of the resource potential of virtual communities in the process of customer capital creation requires developing a strategy and establishing the organizational culture open to the realization of the customer's interest. The verification of the hypothesis is based on the analysis of the experiences of selected companies, other research centers and literature review.

The essence and classification of virtual communities

The dynamic development of information and computer technology, including the Internet, contributed to the development of virtual communities. In general, this community can be defined as a social network that uses computers to establish, maintain and develop relationships and within the group builds a network of relationships where certain characteristics are the junction of common community creating them. As a result, the

Internet community is characterized by: using a computer to establish a relationship, often lack of the ties of territorial homogeneity concerning the interests, values, ideas and attitudes of their members, heterogeneity in terms of age, social status and other factors, status, independence and freedom of choice (Wellman and Gulia, 1997, p. 15). Differentiation of the virtual community generates the possibility of introducing a number of criteria characterizing the various communities, their synthetic overview is included in table 1.

Table 1 The selected criteria for the classification of online communities

Criterion	Division
Place of functioning	- Operating exclusively on the Internet - Transferring its activities outside the network
Purpose of activity	- Focusing on building relationships - Focusing on the execution of a particular task
Population	- Small amount, e.g. blogs, - Large, e.g. social networking sites
Phases of life cycle	- Newly emerging, - During the period of growth and development - Period of stagnation and decline
Culture members	- Monocultural - Multicultural
Age members	- Created by children and young people, e.g. aged 20-30 years, or created by older people

Source: own work

The criteria above do not exhaust the existing possibilities, but also characterize the Internet community in one dimension. When analyzing the opportunities and barriers of using the virtual communities in the process of customer capital creation, it is worth introducing such typology which characterizes them through the community relationship with the real world, and also relates to their characteristics such as: how the assumptions and the type of relationships bind the community. The types of virtual communities distinguished on this basis are presented in figure 1.

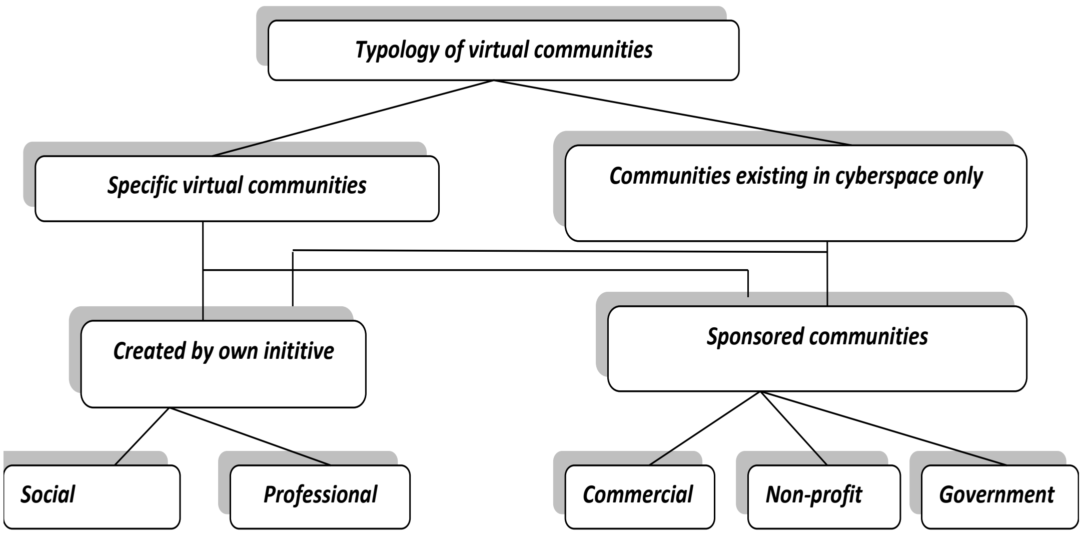

Figure 1: Types of online communities

Source: own work based on: Tang and Yang, 2006, Koss, 2010, p.528

The specific virtual communities in their essence are an extension of the real world communities. Communities are based on the relationships that were established in the real world, and then used in the Internet to be refreshed, maintained and developed. In these communities the relationships may be based on:

- solidarity, e.g. family, ethnic group,
- interactions in which the relationships linking people with more than what is necessary occur. These informal relationships lead people to interact, e.g. groups using the Internet to organize protests,
- common institution established on the basis of membership in a social category, the example of which may be the tribe of North American Indians, Oneida, that became a nation thanks to the Internet (Burszta, 2003, p.162).

The communities that exist only in cyberspace emerge regardless of human relationships outside the network and their bond are common interests, beliefs and values. Participation in these communities is the most common manifestation of satisfying the needs of people belonging to some group and building their identity in this way. It should be emphasized here that the emergence of such communities does not exclude the possibility of transferring the relationships established virtually to the real world.

The online communities can be formed by the initiative of the participants and base on family relationships, friendly or social (professional) ties and also may be of sponsored character. In this case, they are set up and managed by a third party (sponsor), and the relationships established and developed in the group include both the relationships between members of the forum, as well as of the sponsoring organization. Creating this type of community is not accidental and is closely related to the implementation of the objectives that is defined by the sponsor.

Regardless of their classification, online communities are a gathering of people who participate in them to satisfy their needs. Referring to the definition of community by B. Wellman, who treats it as a "source of social life, support, information, a sense of belonging and social identity" (Wellman and Gulia, 1997). The features of online communities can be defined. It should be noted, however, that they take place via computer and the Internet, which requires the use of social media appropriate to the needs of users. As a result, based on the relevant criteria the model division of online communities may be introduced based on the needs of users and features social media, allowing their satisfaction (table 2).

Table 2 Classification of online communities, taking into account the needs of users and functions of social media

USER NEEDS	FUNCTIONS PERFORMED BY SOCIAL MEDIA	SOCIAL MEDIA
Free access to message content creation and delivery	Serving for opinions and views publication (presentation)	Blogs, Wiki, Citizen, Journalism
Resources co-sharing	Used for building a base of transferable resources and stored in cloud	Youtube, Flicr, Slideshare
Cooperation and collaboration to achieve a defined purpose in a carefully selected (most often closed) group	Used for co-creation or/and cooperation aimed at achievement of a defined objective (collective intelligence)	Google, Docs, MMO
Interpersonal relationships establishment and development	Used for interpersonal relationships establishment and maintenance	Social Networking, Virtual world
Views exchange, expressing opinions	Serving for communication and discussion	Instant Messaging, Forums, Chats
Sharing information related to the current events	Used for ongoing information transfer and news reporting	Mikroblogs, citizen notices, Livecast, Livestream

Source: own work

When characterizing the Internet community the attention should also be paid to the type of users participation in the social media in the process of constructing and transmitting the media content. The user of the social media, on the basis of formal or informal premises, may play the role of:

- consecutive relays transmitting specific information further to a defined recipient or to an unidentified group of people,
- verifier of media contents published in the old and new media, generated by both mainstream media as well as non-professional users,
- adding a comment (of different length and substantial quality) to the media content,
- creator of the message who prepares and publishes new contents,
- passive recipient of information (Nowak, 2012).

The role that the participant in an online community serves in the network of relationships has a significant impact on the assessment of the information and reference potential, as the information sender. It translates into: quality of information, information efficiency, and consequently, the effectiveness of communication (Cornelsen, 2000, p.199, Fridriechs-Schmidt, 2006, p.1,). As a result, the roles taken or accepted may contribute to the success or failure of the particular forum (Tang and Yang, 2006).

Opportunities and barriers of using online communities in customer capital creation

The communities indicated, grounding on a network of relationships used to meet the needs of their members, can be successfully adopted in the customer capital creation. Referring to the paradigm of accounting, that is the resource, and financial description of phenomena, this capital can be defined as a collection of intangible assets inherent in the current and potential customer base, whose value reflects the stream of future cash flows generated by the company in connection with the delivery of customer value in the whole potential period of the maintenance of this relationship (Caputa, 2015b, p.73). On one hand, we deal with the customer potential in terms of company capital supply, and on the other hand with the potential of the company to meet customer requirements.

The customer potential, reflecting the value for the company, is inextricably linked to customer willingness and ability to provide capital in a direct and indirect way. The direct supply, remaining in connection with the customer income and development potential, is the result of transactional customer relationships. In contrast, indirect supply is the result of one or two-way flow of information, which may take place in a group of customers as well as between the customers and the enterprise (Tomczak and Rudolf-Sipötz, 2003, p.138, Schneider, 2007, p.116).

Taking the benefits into account of the information flow among the designated parties indicated in table 3, it is not difficult to verify that, regardless of whether the flow is based on the social or business relationship, its effects can translate into the value of relationships assessed by both parties, and consequently, into their duration. The result of this flow is in fact: increase in the possibility of generating a stream of revenue, reduce the costs and the stream of capital engaged.

Table 3 Selected benefits resulting from the flow of information in "company-customer", "customer-company" relationships

	Communication in "customer-customer" social relationships	Transmission of information in business relationships: "Customer - company" - "Company - customer"
Company perspective	• acquisition of additional customers, • reduction of the cost of acquiring customers, • increase of the possibility of reinvesting profits, • risk reduction of resources engagement in activities that are not actively approved by the customer, • building trust and reputation of the company, • increase of the stability of business relationships,	support for the process of recognizing and understanding the requirements of customers, • limitation of the impact of variability on the innovation process undertaken in the company, • directing the activities and processes taking place in the company to customer value creation, • adjusting business production potential to the changing requirements of the environment, • strengthening and developing the existing knowledge resources, including through the relationship use and extending the range of its users.
Customer perspective	• obtaining information about the characteristics of the product and service quality supported by the experiences of other customers • reducing the time of searching for the product, • reducing the risk of selecting the product incompliant with customer requirements, • strengthening the confidence in the product and the company,	the opportunity to purchase the product solving the multidimensional "customer problems" strengthening and developing the existing knowledge resources about the product, its manufacturing and the company, the opportunity to actively participate in the manufacturing, delivery and communication of the product on the market, the opportunity to establish close relationships based on satisfaction relationship with the company.

Source: own work

When striving to maximize the benefits coming from the capital engaged, the companies should see the customer not as a passive purchaser of the offer, but a resource whose knowledge potential properly used and developed contributes to the increase in the company value. In this moment it should be emphasized that the acquisition and development of customer knowledge resources in the conditions of growing demand barrier is of fundamental importance. Supplying the company with capital is not possible without gaining the customer, what in turn forces the willingness and ability of the company to address the functional and emotional tasks systematically, posed by the desirable customer from the perspective of the objectives achievement in the particular exchange conditions. Moreover, the company must cope with this task faster and better than the competition. This is impossible without the customer, who on the one hand is the addressee and user knowledge of the activities undertaken in the enterprise and, on the other hand she/he is an architect of these activities, determining, through the acquisition of a product, which activities create value and which are "empty", thus she/he becomes the censor of knowledge embodied in the products offered (Caputa, 2008, pp.165-177). In consequence, knowledge becomes the basis of the relationship linking the customer with the company, which determines the capital supply (fig. 2).

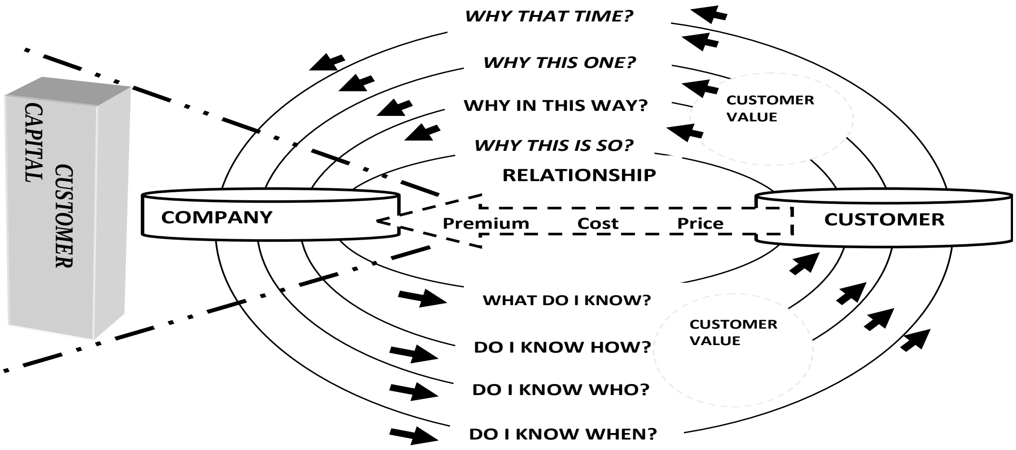

Figure 2 Knowledge as the basis of the relationship linking the customer with the company

Source: own work

When speaking of enterprise’s customers and the possibility of using their knowledge in the process of company value creation using the online communities, one must step outside a narrow understanding of the customer as a buyer who has the final product offered by the company and accept the definition used in the concept of TQM. According to this concept, the customer is “any person who pays and/or uses the product after it is delivered” (Sandholm, 1997, p.59). As a result, this category includes not only the entity that buys the product on the market, but also:

- people who receive or benefit from the work of someone else, enriching it with their own contribution in the context of a process or activity (so-called internal client),
- bodies representing the company on the market, being the participants of the distribution channel (so-called agent),
- entities currently using the product offered by the company,
- society, that is the group purchasing the company

products (Szczepańska, 2010, p.270).

The need to extend the range of customers outside those buying and consuming products comes from the very nature of online communities, where the participants do not have to be affiliated with a company by a transactional relationship and the resulting experiences or even the intent to establish the relationship, what does not rule out their participation in the process of customer and company value creation. When keeping other relationships with the company, e.g. employees, suppliers, members of virtual communities, they may possess the knowledge which can be successfully applied in the design, creation, distribution and communication of values. The participants of virtual community may, for example:

1. define the functional characteristics of the product, which directs the activities and measures leading to its production at an early stage, enabling the management of costs and efficiency in the product life cycle,
2. test the product indicating its weaknesses, what allows the elimination of defects before starting the production process or services,
3. indicate the way of process organization, perform the operations or activities that reduce the cost of the resources engagement,
4. provide information about the product, what allows distinguishing the product from other ones available on the market and create brand awareness,
5. provide information about the company, its activities, commitment to the needs of local communities, etc. (Szwajca and Gorczyńska, 2013),
6. image of the brands offered as well as the reputation of the seller.

The effects above can also be achieved through a direct contact with the customer or the use of traditional media to gather and transmit information. However, an undeniable advantage of virtual communities is the ability to gather and transmit a large amount of information to a geographically dispersed group of people in real time, at relatively low capital outlays. Nevertheless, one cannot forget that the participants of virtual communities are characterized by different activity and different knowledge potential. The motivations of participation, information gathering and transmission in the network are also diversified, as well as the power of such message. In consequence, the potential of the network in the process of customer capital creation cannot be judged only by the number of participants (Caputa, 2016, p. 133).

Each of the above mentioned features differentiating the participants of the network can also be a barrier at the same time for the use of these communities in the process of customer capital creation. The passivity of network participant has a negative impact on his/her attitude and behavior, especially as: a sender, relay and creator of information gathered. Also the reception of information broadcast by other participants, that are obtained without emotional involvement, is difficult to combine with the concept of loyalty, and thus it is hard to transfer it into a repetitive purchasing behavior of the participant. Indeed, the inertia of the participant does not have to eliminate him/her as a source of company capital supply, especially in the short term (Bliemel and Eggert, 1998).

A significant barrier of using the Internet community may also be motivations. The participant satisfies the needs by joining the community. If these needs remain in relation with, among others, desire of belonging to the community, active participation in the exchange of information or identity building, the participant will be willing to be active, which can be reflected in: willingness to share experiences, recommending a product, transfer of knowledge about the possibility of solving a particular task , sharing own ideas or testing new solutions, product or even an idea. If, however, his/her motivations come down to solving a specific, individual problem such as: filling in the questionnaire, its usefulness as a provider of indirect capital supply for the company is negligible.

From the perspective of achievement of the company objectives, the most significant barriers of using the virtual communities in the process of customer capital creation is not only the readiness of a participant to use of launch the information transfer, but also the ability to create, process and transmit information. This ability is in a direct connection with: knowledge resources, their launch allows the participant of the community to start information transfer with unique quality and power of such transfer, which translates into its effectiveness.

The value of knowledge resources that the network participant has at disposal is assessed by its user in each case. Thus the network participant will be considered as a source of company capital supply, only when he/she possesses such information resources that can contribute to the process of company value creation. This contribution remains in connection with both frequency and power of transferred references and recommendations, as well as information that the company uses itself in the process of identification and resolution of functional and emotional customer's problems in a way allowing minimizing the cost of his/her satisfaction. Special importance is gained by such network participants, who can play a role of so-called lead user or opinion leaders. Lead user is such user of the products offered by the company, who not only possesses information about the needs, but also how to resolve the customer's problem (Reichwald and Piller, 2006, p.126).

Therefore, the participant in the network has a high awareness of the problems and possesses the ideas correspondent with the needs, that most users will come into contact in the future (von Hippel, 1986, p.79,1Herstatt, 1991, pp.131-133).

As a result, the company may treat such an entity as a kind of laboratory of ideas, whose knowledge and skills properly used support the process of creating value, in particular, among others, by: reducing risks and uncertainties of own innovation process, shortening the time from the start of work on the product until the product launch, increasing the degree of product innovation noticed by the customer, increasing the positive attitude of the buyer to the products offered by the company (Franke and Piller, 2004, p.6, Reichwald and Piller, 2006, p. 57, Szneider, 2007, p.161). It should be emphasized that such a member of the community is not only attractive as a supplier of information and co-creator of value, but also as an entity of reference potential. As a user, who is distinguished by readiness to launch innovation aimed at solving a specific problems, what results in own solutions, by providing references she/he is able to influence the attitudes and buying behavior effectively of other members of the network. Reputation lies at the core of the high reference potential of the entity, coming primarily from his/her practical experience supported by expertise that translates into reliability of the information provided. In effect, lead user is a provider of information, not only with high quality parameters but also in certain circumstances it may be characterized by high information performance. This performance, however, is determined by a network of social relationships, that the informant establishes in the environment and his/her position in the network. A special position in the network is taken by so-called opinion leader, that is an entity, that strengthens the credibility of the information provided informally, at the same time she/he may influence the behavior of others. Leader's reputation lies at the basis of this communication, coming from his/her personality and professional knowledge, which in turn means that his/her views and behavior serve as the basis of orientation for the others (Vernette, 2004, p.90, Roch, 2005, pp.110-131). Opinion leaders thus create a visible point – relay station in the information network, which makes it possible to spread information and reach out to a wider audience. It should be noted, however, that the leader, in order to maintain his/her position must act as guardian, and therefore decide which information is reliable and will be accepted by him/her and passed on. She/he must act as a leader as long as his/her opinion will have an impact on the attitudes and behavior of other entities.

Strategy of social prestige in creating the resource potential of virtual community

The possibilities of leaders and users, stemming from the power of transfer, definitely indicate that the company, leading to effective utilization of virtual communities in the process of customer value creation, should take a position of an expert itself. This, in turn, rises the necessity of directing the activities to building such relationships with business stakeholders that ground on trust and corporate reputation. This direction of activities is also justified by the fact that the information transfer cannot be fully controlled within the frames of communities. Nevertheless, the company that has good reputation may effectively participate in views exchange, contributing to enrichment of discussion with the threads introduced, and what follows it, effectively affect the attitudes and behavior of message recipients. In this context it is worth mentioning the research on “Confidence barometer” from year 2008 and similar research conducted in 2010. In the first period mentioned, 58% of respondents confirmed that they trust the companies and products recommended by similar people the most. However, in the next research as much as 64% of the respondents preferred information obtained from experts and scientists (Dorenda-Zaborowicz, 2012, p.69). Additionally, this research indicated that the best effects in social media are obtained by marketing campaigns based on reliable building of trust and prestige. The sender of such information becomes a leader, taking the position of a “trusted adviser”, what, as N. Linnell states, launches the mechanism thanks to which the users buy the product, recommend it in the network or/and promote in the Internet, trusting that it is based on true intention (Linnell, 2010). Therefore, when leading to the utilization of the potential of virtual community, the company has to take actions aimed at creating a positive market perception of its resources, having reflection in, among others: high market value of a brand and distinctive reputation of the company. Consequently, we deal with a long-term process that is directed to a systematic development of such relationships that translate into capital supply for the company.

The participants of virtual communities while playing the role of: recipients, senders or information relays, become the company’s customers, what, in consequence, means the possibility of basing mutual relationship on the 4C formula adopted for the customer value management, encompassing 4 links: customer satisfaction, customer loyalty, customer value and customer orientation (figure 3).

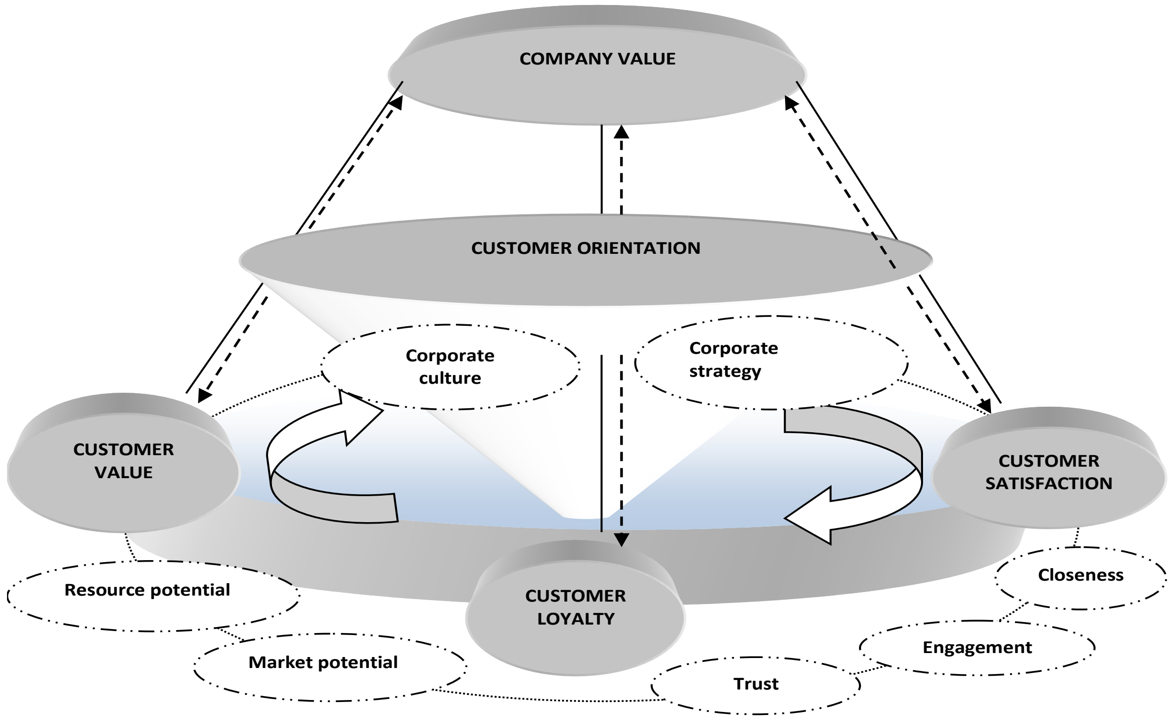

Figure 3 Key links of customer management – 4C formula

Source: own work based on: Helm and Günter, 2006, p.11

The fact is out of discussion that on the competitive market the customer satisfaction is a starting point of transferring the contact with the customer into a permanent relationship and tie. Nevertheless, it does not guarantee that the relationship will be permanent, what as a result, inclines the company to take actions aimed at customer loyalty creation. The way to this objective leads through putting the customer in such chain of relationships that introduces an emotional assessment in the place of rational assessment of the enterprise and its products offered (Storbacka, *et al.*, 1994, p.26, West *et al*. 2006, p.18). The increase in customer engagement in the process of value creation changes the character of ties that link him/her with the company. The customer, co-generating value, and being his/her user at the same time, becomes an integral part of the company along with the development of the relationship, what translates into confidence increase and what follows it, permanent relationships and immunity to activities of competitive subjects.

Not every customer is able to supply the company with capital to the same extent. Not every virtual community possesses the same potential in terms of capital supply. As a result, introduction of the aforementioned formula in practice means the necessity of measuring the customer (community) value, what should also involve his/her readiness and ability to launch and develop information and knowledge resources that may be a contribution to the process of value creation, with the inclusion of customer life cycle. A good business model should present such a concept of activity that provides the enterprise with the opportunity to generate the competitive advantage.

Indeed, obtaining and developing the intellectual potential of virtual communities requires management, what means the necessity of identifying the factors determining its effective utilization for the achievement of business objectives. In the set of these factors, beside such determinants as: professional project preparation or clear problem statement, the following ones are indicated: business complexity and specificity, product brand. However, organizational culture gains special significance (Gassmann *et al*., 2012, p.181).

This culture, being a system of thinking and acting patterns embedded in social environment, bases on subconscious, often unwritten rules that fill the space between the rules set and reality (Zbiegień-Maciąg, 2002, p.2).

The use of Internet communities in the process of customer capital creation requires generating the resource of organizational culture. The key features of this culture are: activity, cooperation and engagement of all subjects representing both demand and supply side of the relationship in the process of value creation (Caputa, 2015b, p.158). The foundations of such culture is the partnership that enables a systematic balance between the customer's and company's interests, becoming at the same time a provider of permanent capital supply. In consequence, organizational culture of the enterprise that leads to benefits maximization coming from gaining and developing the potential of Internet communities, must be fully open to the customer and its creation triggers not only changes in the way of management subordinate to "customer logics" but also changes in the system of key values and perception of the external world, including the customer role and significance. Achievement of this effect is not possible when the customer value is only a background or a component justifying the declared set of values, rules or behavior patterns.

Conclusions

A dynamic development of virtual communities and social media more and more often forces the company to take action aimed at using their reference and information-cooperation potential. This aspiration is fully justified. Internet communities, basing on the chain of relationships, in the way of information transfer, may develop knowledge resources about the company and its products as well as co-create value, and in effect develop the business knowledge resources. Moreover, using the potential of virtual communities, the enterprise may trigger synergy effects deriving from resources combination. However, it does not mean that each initiative ends up in success (Gassmann *et al*., 2012, p.175).

When pointing out the reason for this state of things, it should be reminded that the status of participant in the social media determines the involvement of participants in the content creation and transfer, and as a result, effectiveness of the transfer (Anderson 2006, pp. 73-740). This status bases on reputation and position in a group. Thus, if the company wants to obtain capital supply through launching and developing the potential of virtual communities, it must offer a unique value. These days knowledge is the basis of this value, and customer is its source and the relationship based on favorable value exchange is the carrier. Therefore, an integral element of the concept of customer capital management is such organizational culture in which the customer is a partner that the value is created and co-created for (Skowron and Skowron 2012, p.147). A lack of such culture should be considered as a primary barrier of the effective utilization of Internet communities in building the customer capital (Caputa, 2016, pp.133-135).

One should not forget either that the virtual communities are differed by the knowledge potential of their participants. In consequence, when using the Internet community for the business purpose, the company must: clearly state its objectives concerning the use of virtual community, influence, if possible, on the selection of its participants, what is connected with the assessment of customer resource potential, select the information obtained as well as motivate the network participants to such activity that results in the desired information transfer. Therefore, an effective utilization of Internet communities in the process of building customer capital is connected with the necessity of strategy development that should constitute an integral part of a global strategy of company value creation, especially if its effects should be reflected in a distinctive corporate reputation. Nevertheless, it should be emphasized that both creating the organizational culture open to customer as well as developing and implementing the strategy of using the potential of virtual community based on social prestige requires a systematic knowledge gathering and development with users cooperation and involvement. In consequence, the knowledge barrier of both sides of the relationship makes its development and obtaining benefits impossible.

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