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A cross-country study of marketing effectiveness in high-credence services[☆]Fernando Angulo-Ruiz^{a,*}, Albena Pergelova^{a,1}, Juraj Cheben^{b,2}, Eladio Angulo-Altamirano^{c,3}^a Department of International Business, Marketing, Strategy and Law, School of Business, MacEwan University, 10700-104 Avenue, Edmonton, AB T5J 4S2, Canada^b Department of International Business, Metropolitan University Prague, Prokopova 16, 130 00 Prague 3, Czech Republic^c Universidad Autonoma del Peru, President's Office, Panamericana Sur Km 16.3, Villa El Salvador, Lima, Peru

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ABSTRACT

This research seeks to examine the influence of traditional advertising, Internet marketing, and relational marketing on choice and willingness to recommend across countries with varying levels of the Inglehart–Baker cultural dimensions. In the general model, including four countries, relational, and Internet marketing have a significant and positive effect on choice. In the country-specific models, relational marketing has significant positive effects in Canada, Slovakia, and Peru; traditional advertising only in Peru; and Internet marketing only in Slovakia. None of those activities has an influence on choice in Hungary. Relational marketing and Internet marketing have indirect effects on willingness to recommend through the mediating influence of choice. The study provides evidence of comparative marketing effectiveness in the context of high-credence service across different countries.

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1. Introduction

Understanding the influence of marketing activities on consumer choice, sales, and other measures of performance has been the focus of much marketing research at the firm and consumer levels within a particular national context (e.g., Rust, Ambler, Carpenter, Kumar, & Srivastava, 2004; Srinivasan & Hanssens, 2009). Increasingly globalized markets and the export of many marketing practices call for an examination of marketing effectiveness across national contexts. Literature on marketing effectiveness across countries has taken largely two perspectives: (1) international marketing effectiveness of companies that have crossed borders (international or global companies) and (2) comparative marketing effectiveness of organizations across countries.

The first perspective enjoys rich literature assessing the influence of different marketing activities – such as product innovation, branding, marketing communication, export pricing, cross-border customer

relations and relationship marketing, and standardization/adaptation strategies among others – on the performance of international/global companies (e.g., Bahadir, Bharadwaj, & Srivastava, 2015; Nijssen & van Herk, 2009; Pauwels, Erguncu, & Yildirim, 2013; Petersen, Kushwaha, & Kumar, 2015; Schilke, Reimann, & Thomas, 2009; Tan & Sousa, 2011). However, to this date, relatively few empirical studies exist within the second perspective: comparing how marketing activities may have differential influence for similar organizations across national cultures. In this perspective, research has compared – across countries – the influence of banner advertising (Möller & Eisend, 2010), product quality (Madden, Roth, & Dillon, 2012), and relationship and service quality (Ozdemir & Hewett, 2010) on some measures of performance.

The current study contributes to the second perspective of marketing effectiveness in the following ways. First, while current literature studies the influence of marketing activities in isolation, the present research examines the simultaneous influence of multiple marketing activities – namely, traditional marketing communications, relational marketing, and Internet marketing – on choice and on willingness to recommend. Second, extant literature typically builds on Hofstede's cultural dimensions to argue for cultural differences. This research takes a different angle and studies four different countries corresponding to varying levels of the Inglehart and Baker's (2000) cultural dimensions and spanning developed, developing, and transition economies. Third, in contrast to previous literature, this study focuses on a high-credence service sector (de Matos & Rossi, 2008; Stein & Ramaseshan, 2015) – namely, the higher education (HE) sector – which is characterized by higher risk and commitment given the importance of the decision about which HE institution to attend for the prospect students' future careers.

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The education industry presents a particularly interesting setting, as it is a major services sector and is experiencing continuous growth (Durvasula, Lysonski, & Madhavi, 2011). It is projected that the demand for HE worldwide will expand from 97 million students in 2000 to over 262 million students by 2025 (Bjarnason et al., 2009). Not only is the education sector booming in growth, but it is also “swept up in global marketization” (Marginson & van der Wende, 2007, p. 7). As the HE market has become extremely competitive, many HE institutions engage in strategic marketing and design marketing activities with the aim of increasing the number of applicants and the number of students finishing their studies (Angulo, Pergelova, & Rialp, 2010; Hemsley-Brown & Oplatka, 2006). Given the growing emphasis on marketing in HE and the costs involved, it is surprising that studies in HE marketing have not paid attention to measuring the effectiveness of marketing activities (Chapleo, 2011; Hemsley-Brown & Oplatka, 2006).

This paper is structured as follows. First, the conceptual framework and hypotheses are developed based on the literature of marketing influence on the performance of organizations. Next, the methodology is presented, including the countries' context, the sample, and the analytical methods. Finally, results, discussion, and conclusions are presented.

2. Conceptual framework: the influence of marketing activities in HE institutions

Integrative frameworks that contain explanations of the linkages between marketing activities and the performance of organizations have been provided by Gupta and Zeithaml (2006) and Rust et al. (2004) among others. These frameworks integrate the literature of the influence of marketing activities – such as advertising, new product introductions, and promotional efforts – on the performance of organizations and the influence of marketing intangibles – such as brand intangibles and customer satisfaction – on organizations' performance (e.g., Angulo-Ruiz, Donthu, Prior & Rialp, 2014; Pergelova, Prior & Rialp, 2010; Srinivasan & Hanssens, 2009).

Gupta and Zeithaml (2006) develop a systematic framework about the influence of customer metrics on the financial performance of organizations. Their framework links “what firms do (i.e., their marketing actions), what customers think (i.e., unobservable constructs), what customers do (i.e., behavioral outcomes), and how customers' behavior affects firms' financial performance (i.e., profits and firm value)” (p. 718–719). The present study uses the conceptual framework of Gupta and Zeithaml (2006), adapting it to the HE context, and takes into consideration the processes that happen before and after students choose a specific university. In what follows, the conceptual framework presents arguments of the influence of marketing activities on student choice. Then an explanation of the influence of marketing activities on students' willingness to recommend is developed. Fig. 1 shows a visual representation of the conceptual framework.

2.1. How marketing activities affect student choice

Universities can make use of several marketing activities to attract new students. Those include advertising (e.g., TV, radio, outdoor, print); relational marketing such as open houses, information sessions, interaction with alumni, or visits to high schools; Internet marketing through websites, blogs, or social media platforms; public relations; or other initiatives designed to have a marketing influence (Maringe, 2006; Rust et al., 2004).

Traditional advertising builds university brand awareness and brand associations (Chapleo, 2011) and can “have an effect on [student] expectation formation through information” (Anderson & Sullivan, 1993, p. 322) and therefore may affect students' choice. In the HE marketing literature, building an HE brand is a topic that is increasingly attracting attention (Chapleo, 2011), as many universities are engaging in activities designed to increase their brand awareness and differentiation. Traditional advertising methods have been adapted by HE institutions with the aim of increasing the public's awareness about the institution, and consequently influencing student choice. In this research, student choice refers to the prospect's decision to choose

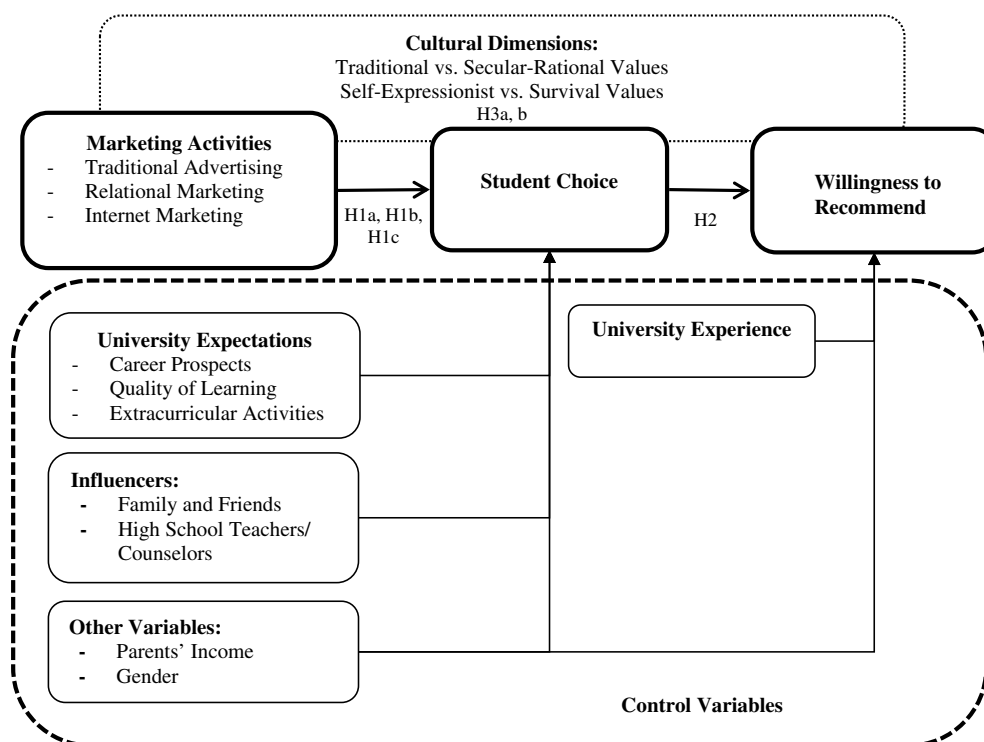


Fig. 1. Cross-country marketing effectiveness.

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