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Predictors and effect of consumer price sensitivity: The case of Croatia

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The main purpose of this paper was to explore the influence of demographic variables and personal factors on the consumer price sensitivity, as well as the impact of price sensitivity on the word-of-mouth sending information. The research was carried out on a representative sample of one thousand Croatian consumers. The data was analysed with a variety of statistical methods, including the exploratory and confirmatory factor analyses and structural equation modelling (SEM). The results show that some demographic factors (gender and education) and researched personal factors (attitudes towards advertising and shopping enjoyment) directly influence consumer price sensitivity, which positively influences word-of-mouth communication. Besides theory contributions, the research results offer some practical marketing implications. Namely, the marketing experts (companies) can better understand the predictors and effect (outcome) of consumer price sensitivity, and its role for the marketing strategy. At the end, the paper discusses research limitations and provides some future research suggestions.

Keywords: price sensitivity, demographic characteristics, attitudes towards advertising, shopping enjoyment, word-of-mouth communication.

JEL codes: M21, M30, M31.

Introduction

Price sensitivity can be defined as the range within which the consumers perceive prices, tolerate them, and respond to changes or differences in prices with respect to products and services (Irani–Hanzaee 2011; Zeng et al. 2011; Wakefield–Inman 2003). Due to its influence on sales and profitability, it is an important concept for marketing theory and practice (Ramirez–Goldsmith 2009). Price

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perception can be determined by both rational and psychological factors (Kurtulus–Okumus 2010). In general, the consumer's individual characteristics, personality and attitudes or demographics, influence the price value perceived by the consumer (Otaibi–Yasmeen 2014). According to Irani and Hanzaee (2011), price strategies, dealing with market and price elasticity, are present in many researches, but little attention is paid to researching the consumer's perspective and perception. This represents a strong motive for researching the price sensitivity based on the insights from the consumers. Consumer price sensitivity provides important information and the response needed for strategic and tactical decisions, such as, segmentation, pricing, positioning and other marketing activities (Kurtulus–Okumus 2010; Kaul–Wittink 1995). Since the main goal of achieving the maximum profit is also in the business focus, both researchers and managers are interested in exploring consumer price sensitivities. In addition, recent insights (Neff 2013) indicate that price sensitive shoppers, mostly perceived as unprofitable due to their brand switching, can be very brand profitable consumers. Namely, marketing analytics show that price sensitive consumers come from all demographic groups, can be more loyal, and spend more money than less price oriented buyers. Moreover, it seems that price sensitivity impacts all types of products (Dunnhumby 2013), which broadens the relevance of examining the role of price sensitivity construct with respect to its application.

Numerous studies have examined various antecedents of price sensitivity, such as: product involvement, consumer innovativeness, perceived brand parity, attitudinal brand loyalty (Goldsmith et al. 2010; Ramirez–Goldsmith 2009), the effect of advertising (Kalra–Goodstein 1998; Kaul–Wittink 1995), subjective shopping values, objective purpose of use and shopping companions (Nam–Lee 2009), perceived quality, satisfaction, and perceived value (Zeng et al. 2011). Prior research mostly captured the importance of prices[3] for the purchase

[3] Focusing intensively on the purchase process, consumers obtain greater knowledge of the product's value, thus their price sensitivity increases (Rosa–Rondan 2011).

behaviour, its importance for the consumers' knowledge acquirement, attention, use of information, price comparisons and customer satisfaction. However, there are no detailed studies examining the commercial and socio-demographic predictors of the price (Rosa–Rondan 2011). Based on the previously mentioned, and keeping the consumer in the focus, there can be many factors influencing price sensitivity, thus supporting the need for researching the personal predictors of consumer price sensitivity, as well as the role of demographics.

Furthermore, various cultures and demographic variables can cause differences in price perceptions (Kurtulus–Okumus 2010). When it comes to the variety of cultures/markets, American and North European consumers are perceived as less price sensitive, while Italian, Spanish, German and Russian ones are seen as high price sensitive consumers (Arink et al. 2010). The research of Croatian consumer behaviour (Ipsos 2013) revealed some changes and trends in the buying behaviour. Specifically, a general decrease in consumer trust was established, which, among other effects, led to a greater consumer sensitivity. Croatian consumers seem to be more cautious and search for lower prices, and discount sales when making decision regarding the retail place. This suggests that retailers can orient toward attracting the price sensitive consumers and/or encouraging price sensitive behaviour as a form of their marketing strategy.

The research of price sensitivity contributes to the economic theory assumption of consumers intensively paying attention to the prices of the products which they purchase. According to Rosa and Rondan (2011), many consumer behaviour theories directly or indirectly tackle the premises of consumers being aware of prices or evaluating the prices. It is worth noting that identifying price sensitive consumers, with respect to relevant antecedents, will enable marketing experts to better understand and design their marketing communication, as well as to manage the marketing mix and point-of-purchase optimizing the elements of promotion and price.

The existing literature reveals the contradictory results, scarcity and non-existence of detailed approach (e.g. in terms of demographics,

WOM communication), the lack of research (e.g. attitudes towards advertising), as well as the unexplored antecedents and outcome when considering relatively underdeveloped post-transitional economies. Therefore, the main purpose of this paper is to assess demographic and personal predictors of price sensitivity, as well as its outcome in order to gain a better understanding of such relationships and their implications. The analysed personal factors and their relation to price sensitivity reflect the consumers' beliefs toward certain elements of the marketing mix, such as components of price and promotion/ communication. Hence, this research also contributes to pricing and consumer behaviour theory, thus providing the repercussions for both science and practice. Research results can be useful for marketing managers in terms of marketing strategy development, including segmentation, positioning, and marketing communication.

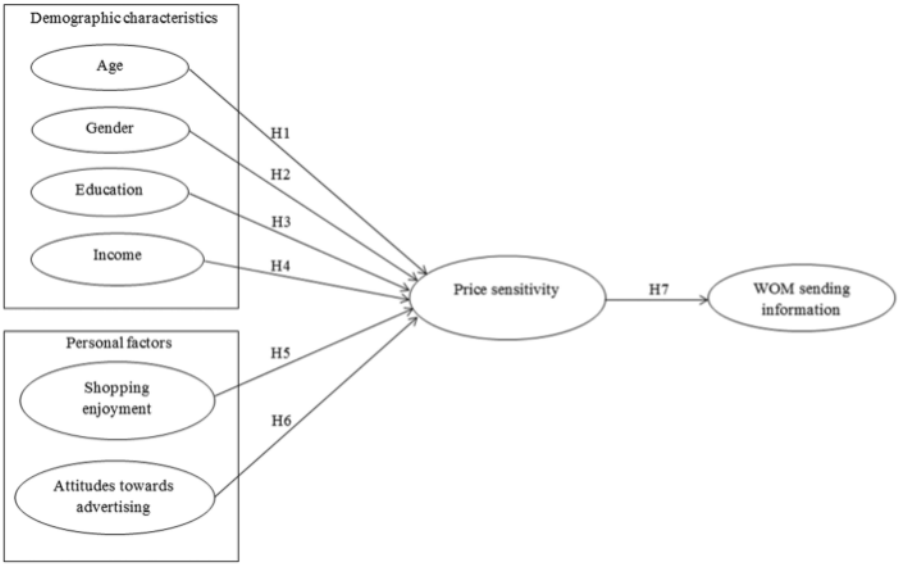
This paper consists of six sections. Following the introductory part, the literature overview and hypotheses are presented in the second section. The third section deals with research methodology, whereby the fourth section provides the analysis of the research results. Finally, the discussion of the results can be seen in the fifth section, while the conclusions, entailing the research limitations and future research suggestions, are presented in the sixth section of this paper.

Literature overview and hypotheses development

This paper focuses on the examination of demographic and personal predictors of the consumer's price sensitivity and its influence on WOM sending information. The conceptual model is presented in Figure 1.

Demographics and price sensitivity

Although rare, studies examining the influence of demographics on price sensitivity indicate contradictory results; either significant relationships or no significance at all. However, researchers suggest that demographics should be in the focus of further research (Dunnhumby 2013; Rosa–Rondan 2011; Hsieh–Chang 2004). Recent insights (Neff 2013) indicate that, unlike it was thought in the past, price sensitive



Source: authors' own design

Figure 1. Conceptual model of predictors and outcome of price sensitivity

consumers might come from all demographic groups. This provides a strong basis for researching the price sensitivity construct with respect to demographic predictors.

Age. Prior research confirms that age influences consumer behaviour (Akhter 2003). Namely, older consumers search for a safer approach in decision making; are more alert and price sensitive (Chuang–Tsaih 2013; Venkatesh et al. 2012; Akhter 2003). Such consumers usually have more free time and spend more time shopping, and visiting multiple stores (Cooil et al. 2007; Hoch et al. 1995). However, some opposite findings (e.g. Ding 2003) indicate that younger consumers exhibit the characteristics of high price sensitivity. In addition, some researchers (Rosa–Rondan 2011) stress the importance of the relationship between age and income, noting that since income might increase as getting older (e.g. due to professional stability and less family responsibilities), consumers might attach less importance to

price. Considering the existing results, contradictions in findings and the possibility of reaching new/additional insights, the following hypothesis is proposed:

H1: Older consumers are more price sensitive than younger consumers.

Gender. Economic and business literature review shows that a lot of emphasis was put in researching the gender role. The studies indicate that women are motivated by non-economic goals, are not so prone to risk taking behaviour (Hinz et al. 1997), and are not so confident buyers (Lundeberg et al. 1994). Furthermore, past literature suggests that, besides the greater price knowledge, women are more price sensitive, that is, more responsive to price changes, attach more importance to prices than men, ascribing this to the traditional role of women being responsible for the household budget and finding the better value for money options (Mitchell 2012; Venkatesh et al. 2012; Arink et al. 2010; Langer 2009; Rosa–Rondan 2011; Ding 2003).

On the other side, various researchers (Chuang–Tsaih 2013; Chen–Hu 2012; Rooney et al. 2005; Huang et al. 2004) argue that male consumers are more price sensitive than females. Moreover, according to some researchers (Rosa–Rondan 2011), social changes enable women and men to equally participate in work, traditional shopping and household activities. Considering the contradictions in the existing findings (the majority of research suggesting that female consumers are more price sensitive), as well as the possibility for gaining the new/additional insights in terms of the researched context/environment, the following hypothesis is proposed:

H2: Female consumers are more price sensitive than male consumers.

Education. Prior research (Akhter 2003) indicates that education influences the consumer's search for information, product evaluation and product information usage suggesting that well-educated consumers are more inclined toward these activities. With respect to price sensitivity, past research results are not unanimous. Namely,

according to some findings (Hoch et al. 1995; Punj 2011; Cooil et al. 2007; Rosa–Rondan 2011), high-educated consumers are more involved in information gathering and processing before making purchasing decision, have a higher capacity for information processing, which lowers the importance of price, and thus are less price sensitive. Furthermore, Zhang et al. (2002) determined a greater price sensitivity level for workers and students (as lower educated consumers) relating this finding to their lower income. On the other side, rare studies indicate that well-educated consumers might also be high price sensitive (Chuang–Tsaih 2013). Based on the contradictory nature of discussed results, and inclining towards the majority of findings, the following hypothesis is proposed:

H3: Less-educated consumers are more price sensitive than the well-educated consumers.

Income. High income consumers might be less prone to information gathering and evaluation, which suggests the negative relationship between the income and information searching process (Ward–Lee 2000). According to relevant literature, income influences consumer behaviour, whereas low-income consumers are perceived as economical shoppers (Anić–Mihić 2015), and are more price sensitive (Chuang–Tsaih 2013; Langer 2009; Hoch et al. 1995; Sirvanci 1993) than high-income consumers. Furthermore, some studies found no relationship between income and price sensitivity (Dunnhumby 2013). A research based on the role of leaflets (Monitor 2009) shows that the Croatian lower-income households are continuously paying attention to prices, whereby recession is forcing also higher-income consumers to change their consumption behaviour patterns. Taking into consideration the lack of an agreement and the majority of findings (indicating low-income consumers as more price sensitive), the following hypothesis is proposed:

H4: Low-income consumers are more price sensitive than high-income consumers.

Shopping enjoyment and price sensitivity

Shopping enjoyment refers to a leisure activity entailing psychological returns before, during and after the shopping experience (Wong et al. 2012). According to some findings (Seock–Bailey 2008; Rosa–Rondan 2011), consumers who perceive shopping as a leisure activity are inclined to spend more time shopping; they shop with a higher attention devoted to details, which can lead to often price comparison, as well as to appreciating the price component as an important element of their buying decision process. Moreover, hedonism, as a fundamental aspect of the consumer's satisfaction, might be in relationship with the best purchase search and value for money options (Rosa–Rondan 2011).

In general, consumers are highly motivated to find the "best", "better" or "lower" prices as determinants of shopping effectiveness (Kwon–Kwon 2007). The theory of consumption values (Punj 2011; Wakefield–Inman 2003) suggests that consumers consider and acquire both hedonic (enjoyment of shopping) and functional values (e.g. finding the best product fit) while shopping. The bargaining perspective is another important aspect of shopping enjoyment and price sensitivity relationship. Namely, consumers who prefer bargain hunting enjoy shopping; prefer special offers and, as such, are prone to price sensitivity (Gazquez-Abad–Sanchez-Perez 2009; Irani–Hanzaee 2011). Hence, it can be expected that consumers who enjoy shopping will be highly price sensitive. Thus the following is assumed:

H5: There is a significant positive relationship between shopping enjoyment and price sensitivity.

Attitudes towards advertising and price sensitivity

Positive advertising impressions can affect attitudes towards product or brand, and eventually influence consumers to purchase that product or brand (Levy–Gendel-Guterman 2012). In addition, the attitudes towards advertising impact the usefulness of the specific ads (Mehta–Purvis 1995). As a medium of attitudes' creation, advertising plays an important and profitable role when it comes to influencing consumer price sensitivity and impacting the elasticity of demand with respect to advertised products or services (Erdem et al. 2008).

Prior research argues that advertising influences price sensitivity; however, the results are contradictory. Some results show positive, other show negative relationship (according to Erdem et al. 2008; Kaul–Wittink 1995), while others indicate the non-existence of an advertising and price sensitivity relationship (Capella et al. 2008). To the best of our knowledge, no direct relationship between the consumers' attitudes towards advertising and price sensitivity was found; however, it can be assumed. Namely, it seems that consumer price sensitivity increases when consumers are exposed to retail advertising (Goldsmith et al. 2010; Zhang 2009; Kalra–Goodstein 1998; Kaul–Wittink 1995; Zhao et al. 2010; Kanetkar et al. 1992). Recent insights (Dunnhumby 2013) indicate the relationship between the consumers' responses to online and traditional media and price sensitivity. This suggests that the notion of consumers making buying decisions based on price can help marketing managers with examining and understanding the role of advertising for the price sensitive consumers. Furthermore, there are findings indicating that positive attitudes towards sales promotions are more characteristic for price conscious consumers (Gazquez-Abad–Sanchez-Perez 2009). Based on previous discussion and considering the possibility of reaching new findings, the following hypothesis is suggested:

H6: There is a significant positive relationship between the favourable attitudes towards advertising and price sensitivity.

Price sensitivity and WOM sending information

The most researched outcomes of price sensitivity were loyalty (Hansen–Singh 2008; Chen–Hu 2012), perceived value, and purchase intention (Chen–Hu 2012). WOM communication represents an important market phenomenon considered to be a more influential medium for the consumers' product evaluations than the traditional communication sources, such as advertising (Kempf–Palan 2006). This emphasizes the importance of WOM for marketing practice, especially since it is the source of information most trusted by the consumers (Staff 2016; Keller 2013; Rees 2013).

Prior literature suggests that price sensitive consumers might be prone to WOM information spreading (Ozcan 2004). Choi and Kim

(2007) argue that the consumer's perception of the value for money (e.g. sales/discounts) and high price awareness (especially if the savings are expected) positively influence the consumer's willingness to recommend the store to others. Contrary to this, Zeng et al. (2011) indicate that less price sensitive consumers may exhibit a tendency towards the positive WOM information sending. Xia et al. (2004) argue that price fairness perception can result in negative emotions, thus generating negative WOM communication.

Considering the existing findings, contradictions, significance of WOM communication as a promotional tool, as well as the possibility of gaining additional insights in the case of Croatia, the following hypothesis is formulated:

H7: There is a significant positive relationship between price sensitivity and WOM sending information.

Research methodology: sample, data collection and measurement scales

A survey was carried out by a specialised market research agency. For the purpose of ensuring the sample representativeness the probability sample, that is a random stratified sample, according to the properties of the size of 21 Croatian counties and structure of the estates in a particular county, was employed. Hence, two-stage proportional stratification was used, whereby all groups/strata retained the proportions that they have within the researched population. The units within each group were assessed randomly. The nationally representative sample, consisting of 1000 respondents, was based on the Croatian population census (Croatian Bureau of Statistics 2011). Besides sample representativeness, this type of sampling approach ensures higher statistical precision as well.

Consumers' attitudes were evaluated using the highly structured questionnaire (Likert scale, 5 degrees). Demographic data were included in the second part of the questionnaire. The sample structure is visible in Table 1.

Table 1. Sample structure

Characteristics	Absolute values (N=1000)	Relative values (%)
Gender		
Female	537	53.7
Male	463	46.3
Age		
18-19	53	5.3
20-29	211	21.1
30-39	153	15.3
40-49	166	16.6
50-59	171	17.1
60 or more	246	24.6
Education		
Unfinished primary school	4	0.4
Primary school	41	4.1
Skilled worker	14	1.4
Secondary school	626	62.6
Highly-skilled worker	22	2.2
College	139	13.9
University	136	13.6
Spec., M.Sc., Ph.D.	17	1.7
No answer	1	0.1
Income (kn)		
up to 1 000	11	1.1
up to 2 000	49	4.9
up to 3 000	82	8.2
up to 4 000	109	10.9
up to 6 000	203	20.3
up to 8 000	151	15.1
up to 10 000	135	13.5
up to 13 000	80	8.0
up to 16 000	52	5.2
up to 20 000	29	2.9
> 20 000	17	1.7
No answer	82	8.2

Source: authors' own research

The measurement items were adapted from the variety of measurements scales. Price sensitivity items were adapted from Lichtenstein et al. (1993), Sproles–Kendall (1986), and Sproles–Sproles (1990). The consumers' attitudes towards advertising were measured with items adapted from Pollay–Mittal (1993) and Mehta–Purvis (1995). The items adapted from Dawson et al. (1990) and Lumpkin (1985) were

used to measure the shopping enjoyment construct. For testing WOM sending information the items were taken from Mowen et al. (2007).

Research results

Outliers, normality of distribution and multicollinearity

Univariate and multivariate outliers were identified and removed from further analysis (N=960). Skewness and kurtosis indexes were assessed for univariate normality of distribution, whereby all values were adequate. The correlation analysis was used to test the bivariate multicollinearity. The analysis showed that there is no existence of multicollinearity among the variables. Namely, all absolute values were acceptable (R^2<0.90), as well as VIF (<10) and Tolerance (>0.10) (as suggested by Pallant 2011).

Considering main researched characteristic of price sensitivity (mean=3.43, st. dev=0.94, variance=0.89), it can be said that 615 respondents (64.1%) are price sensitive. Calculating the margin of error (MOE) it can be concluded with 95% confidence that 64.1% of all respondents are price sensitive plus or minus 3%. The range of 95% confidence interval is 3.4 ± 0.03.

Reliability of constructs (Cronbach's alpha)

The empirical data was analysed with SPSS 23 software package and AMOS. At this stage, the reliability of the used measurement scales was tested with Cronbach's alpha, alpha-if-deleted and item-total-correlation indicators. As it can be seen from Table 2, all measurement scales show the adequate reliability.

Table 2. Reliability of constructs

Construct	Reliability (Cronbach's alpha)
Shopping enjoyment	0.87
Attitudes towards the advertising	0.80
Price sensitivity	0.79
WOM sending information	0.86

Source: authors' own research

Exploratory factor analysis

Prior to factor extraction, the data was assessed for the adequacy. For this purpose, two justification tests were used: the Kaiser-Meyer-Olkin (KMO) indicator and Bartlett's test of sphericity. Table 3 shows that the Kaiser-Meyer-Olkin indicator is between 0 and 1; it is higher than 0.5 (Pallant 2011), and Bartlett's test of sphericity is significant (p value <0.05) indicating the appropriateness of data for conducting the exploratory factor analysis.

Table 3. Data adequacy

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.884
Bartlett's Test of Sphericity	Approx. Chi-Square	7038.056
	df	120
	Sig.	.000

Source: authors' own research

The exploratory factor analysis was performed using the Varimax raw method of orthogonal rotation, and the principal component analysis. Eigenvalue of each factor was set to >1 and the factor loadings to min. 0.4. Four factors were extracted explaining 67.3% of the variance (Table 4).

The exploratory factor analysis indicates that measurement scales exhibit the characteristics of convergent and discriminant validity, having the high factor loadings on the intended factors, and low factor loadings on other factors.

Confirmatory factor analysis (CFA)

Confirmatory factor analysis (CFA) was used for the additional assessment of the measurement scales' convergent and discriminant validity, as well as unidimensionality. For this purpose, the measurement model was created according to relevant principles, such as: each manifest variable loaded on one latent variable, had its own metric, the error terms were independent and the factors correlated (<0.85), as suggested by Kline (2011). The confirmatory model goodness-of-fit values are visible in Table 5, the CFA results in Table 6, and the discriminant validity results in Table 7.

Table 4. Factor structure

Items	Factors			
	Shopping enjoyment	WOM sending	Attitudes towards advertising	Price sensitivity
I like to watch advertisements.	.135	.065	**.784**	.166
The advertising is a good/useful source of information about products and services.	.168	.209	**.697**	.051
The ads offer true picture about advertised products or services.	.116	.190	**.746**	.086
Watching/listening to ads is fun and recreational.	.269	.144	**.786**	.131
In general, I think buying is fun.	**.775**	.172	.194	.075
For me, buying is relaxation.	**.823**	.206	.193	.112
I often visit shops even if I do not intend to buy anything.	**.799**	.155	.135	.164
I like to visit shopping malls.	**.786**	.181	.197	.171
I shop at sales/discounts whenever I have such opportunity.	.208	.160	.101	**.681**
I usually visit more shops to find the lower price products.	.171	.117	.075	**.793**
I often check the prices in shop, even for the cheaper products.	.093	.155	.116	**.793**
I pay great attention to prices while shopping.	.009	.036	.108	**.759**
I like to help other people by giving them information about certain products.	.059	**.731**	.145	.118
Other people usually ask me for information about products or sales.	.218	**.819**	.158	.132
My friends think of me as of good information source regarding the products or sales.	.216	**.820**	.152	.154
I often inform others about new products or brands.	.245	**.800**	.177	.105

Source: authors' own research

Table 5. Measurement model goodness-of-fit

Fit index	GFI	AGFI	NFI	CFI	RMSEA
Value	0.96	0.94	0.94	0.96	0.04

Source: authors' own research

Table 6. CFA results

Factor/items	**Factor loading (β)**	**Composite reliability (CR)**	**Average extracted variance (AVE)**
Shopping enjoyment		0.85	0.60
In general, I think buying is fun.	0.71		
For me, buying is relaxation.	0.81		
I often visit shops even if I do not intend to buy anything.	0.76		
I like to visit shopping malls.	0.80		
Attitudes towards advertising		0.81	0.52
I like to watch advertisements.	0.73		
The advertising is a good/useful source of information about the products and services.	0.61		
The ads offer true picture about advertised products or services.	0.67		
Watching/listening to ads is fun and recreational.	0.85		
Price sensitivity		0.80	0.50
I shop at sales/discounts whenever I have such opportunity.	0.66		
I usually visit more shops to find the lower price products.	0.77		
I often check the prices in shop, even for the cheaper products.	0.75		
I pay great attention to prices while shopping.	0.61		
Word-of-mouth		0.86	0.62
I like to help other people by giving them information about certain products.	0.61		
Other people usually ask me for information about products or sales.	0.84		
My friends think of me as of good information source regarding the products or sales.	0.85		
I often inform others about new products or brands.	0.82		

Note: Thresholds for CR and AVE are 0.7 and 0.5 respectively.

Source: authors' own research

Table 7. Discriminant validity

Factors	Shopping enjoyment	Attitudes towards advertising	Price sensitivity	Word-of-mouth sending information
Shopping enjoyment	**0.77**			
Attitudes towards advertising	0.46	**0.72**		
Price sensitivity	0.36	0.32	**0.71**	
Word-of-mouth sending information	0.47	0.42	0.35	**0.80**

Note: Diagonal bold numbers represent square roots of AVE (average extracted variance) that need to be higher than the inter-construct correlations as a proof of discriminant validity.

Source: authors' own research

Confirmatory analysis results show that measurement scales exhibit the characteristics of convergent and discriminant validity, and unidimensionality.

Structural equation modelling (SEM)

Structural equation modelling (covariance based) was used to test the hypothesized relationships that were supported based on the significance and corresponding direction. Parameters were estimated using the maximum likelihood (ML) method. The structural model fit values are visible in Table 8, and the standardised structural coefficients in Table 9.

Table 8. Structural model goodness-of-fit

Fit index	Value
GFI	0.95
AGFI	0.93
NFI	0.93
CFI	0.95
RMSEA	0.05

Source: authors' own research

Table 9. Standardised structural coefficients

Relationship	Standardised structural coefficients	p-value
H1: Age → Price sensitivity	-0.009	0.792
H2: Gender → Price sensitivity	**-0.125**	**0.000**
H3: Education → Price sensitivity	**-0.093**	**0.005**
H4: Income →→ Price sensitivity	-0.007	0.833
H5: Shopping enjoyment → Price sensitivity	**0.258**	**0.000**
H6: Attitudes towards advertising → Price sensitivity	**0.273**	**0.000**
H7: Price sensitivity → WOM sending information	**0.412**	**0.000**

Source: authors' own research

The SEM results show that demographic variables and personal characteristics influence consumer price sensitivity, which is positively related to WOM sending information. Namely, gender and education are related to consumer price sensitivity, while age and income do not play significant roles for price sensitivity. Furthermore, both personal factors, shopping enjoyment and attitudes towards advertising, positively influence consumer price sensitivity. Hence, price sensitive consumers are females and lower-educated consumers who enjoy shopping and have positive attitudes towards advertising. These price sensitive consumers are more prone to positive WOM information spreading.

Discussion

The purpose of this research was to examine the influence of demographic variables and personal characteristics on price sensitivity, as well as the impact of consumer price sensitivity on WOM sending information. With respect to demographic variables, the results show that gender and education represent relevant predictors of price sensitivity, unlike age and income. This led to the acceptance of hypotheses H2 and H3, while hypotheses H1 and H4 were not supported. Findings about gender are in accordance with some previous studies (e.g. Mitchell 2012; Venkatesh et al. 2012; Arink et al. 2010; Langer 2009; Rosa–Rondan 2011; Ding 2003), as well as the results regarding the education (e.g. Rosa–Rondan 2011; Punj 2011; Zhang et al. 2002).

Unexpectedly, the results show that income does not significantly influence price sensitivity. The reason for such result can be sought within the notion (Monitor 2009) whereby the recession forced higher-income consumers to change their buying behaviour patterns. The shift in shopping patterns, connected to income and recession, might also be the reason for the non-significance of age as a predictor of price sensitivity, which is in line with the results of Dunnhumby (2013) as well as the interdependence of age and income as explained in the theoretical part (e.g. Rosa–Rondan 2011). The results regarding demographics offer additional insights contributing to the consumption values theory and new findings within the Croatian market.

With respect to personal characteristics, the results show that shopping enjoyment and the consumers' attitudes towards advertising positively influence consumer price sensitivity. Therefore, the hypotheses H5 and H6 were supported. The results regarding shopping enjoyment are in accordance with some theoretical findings (e.g. Rosa–Rondan 2011; Gazquez-Abad–Sanchez-Perez 2009; Irani–Hanzaee 2011; Seock–Bailey 2008) and can be perceived as new insights, especially from the perspective of researched market. Moreover, a determined relationship between the consumers' favourable attitudes towards advertising and price sensitivity represents a new finding.

Finally, it was established that price sensitive consumers are prone to positive WOM sending; therefore, hypothesis H7 was accepted. Although prior literature indicates some contradictions, this result is in line with some past findings (e.g. Choi–Kim 2007; Ozcan 2004) and greatly enriches the existing knowledge base.

Conclusion

In addition to scientific contributions, this research has several practical implications. Namely, the marketing experts can better understand the predictors and outcome of price sensitivity, which represents an important aspect of consumer behaviour in terms of strategic and tactical operations/decisions, and consumer profiling. Research revealed that the Croatian price sensitive consumer is female

and lower-educated, who enjoys shopping and has favourable attitudes towards advertising. Moreover, such a price sensitive consumer is prone to WOM information sending.

Considering research results, marketing experts should pay attention to the role of demographics and personal characteristics when optimizing the marketing mix elements (price, promotion and product). In a highly competitive market, characterized by recession, companies should strive to adapt their marketing strategy to price sensitive consumers by appealing to economic benefits (e.g. lower prices, discounts, sales, savings, and value for money) as a way of eliciting the positive WOM information sending.

Advertising efforts should rely on rational appeals, with an aim of creating the positive attitudes towards the advertised product/service/store, especially due to the present consumer decrease in trust. Besides the economic/utilitarian benefits, marketing communication should include the emotional appeals of fun and enjoyment, thus targeting those consumers who perceive shopping as bargain hunting. Moreover, the attention should be paid to the point-of-purchase, which represents an excellent environment for bargain hunting oriented consumers. All aforementioned aspects enable companies to: differentiate the marketing mix based on advertising and price promotions, attract price sensitive consumers, and encourage price sensitive behaviour as well.

With respect to the mentioned contributions, there are some research limitations. By conducting the research during the period of economic recession, there is a possibility of over-emphasized price sensitivity. Hence, Croatian consumers might be perceived as overly price sensitive. It might be helpful to repeat the research in the future to also see the potential importance of the relationships that were not confirmed, as well as the intensity of the significant influences.

Future research on price sensitivity could encompass more personal variables or categories of factors (e.g. personal and situational elements). It might be insightful to examine the existing or enriched model in terms of possible variations of consumer price sensitivity across diverse product groups/industries or to conduct a cross-cultural

research on differences in consumer price sensitivity arising from the cultural context. Moreover, further research might capture the chain of effects, that is, the influences among the researched antecedents (e.g. education-income, gender-shopping enjoyment), as well as the mediating concepts, such as involvement or buying frequency.

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Lessons from an online social marketing campaign: Promoting reading on Facebook

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Younger generations' reading habits are being subject to a fundamental change, with this activity taking a back seat behind other leisure activities. Several recent social marketing campaigns have focused on promoting reading. By content analysing the Facebook posts related to a Hungarian campaign, we seek to investigate the online manifestations of the campaign's effects and to examine to what extent one is able to reach and engage Generation Z with a social marketing campaign on Facebook. Through performance and regression analysis, we have confirmed that promoted posts perform better than organic ones and that they cannibalise their performance, thus deteriorating the constructed activity indicators. Furthermore, sponsored impressions overall contribute to increasing total reach, while having a significant negative effect on organic reach. The type of posts does not determine the impressions, e.g. posts with audiovisual content did not perform any better in persuading a target group than simple text messages.

Keywords: social marketing, Generation Z, consumer behaviour, Facebook marketing.

JEL codes: M31, M37.

Introduction

Technological change highly affects people's communication habits and time spending (e.g. reading). These habits manifest themselves differently for different groups of people. It can, however, be stated that technology has a particularly prominent effect on younger, born-digital generations.

The main goal of the present study is to examine the effects of technology on such a (formerly) mundane activity as reading, among youngsters. Younger generations' reading habits are being subject to a

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fundamental change (e.g. Mokhtari et al. 2009), with this activity taking a back seat behind other leisure activities. A number of recent social marketing campaigns have focused on promoting reading. In Hungary, for instance, a campaign called "Movie in Your Head" was carried out at the beginning of 2014 by the Hungarian Creative Arts Nonprofit Ltd., the Petőfi Literary Museum, the Klebelsberg Institution Maintenance Centre, and the Hungarian Reading Association. Since there were only a few scientific analyses on this topic (e.g. Hoffman–Fodor 2010), our aim was to examine the effects of an online social media campaign on young people's attitude towards reading.

By content analysing the Facebook posts related to the aforementioned campaign, we seek to investigate the online manifestations of the campaign's effects and to examine to what extent one is able to reach and engage Generation Z with a social marketing campaign on Facebook, the largest social networking site.

In our theoretical review, we first portray younger generations, then we examine the role of social media in their lives (with special attention to Facebook), and we review the related field of social marketing. Finally, we investigate how youngsters' reading habits are evolving with the advent of the Internet and social media.

After a thorough review of the campaign in question, we present a content analysis of the related Facebook posts. Building on this first research phase, in a second part we present a quantitative analysis.

Literature review

Introducing Generation Z

The rapid development of technology strongly affects people's communication and time-spending habits. For example, new pieces of information are hardly ever looked after in paper-based sources (e.g. newspapers, encyclopaedias), but almost exclusively using online search engines which flood us with a large, sometimes oppressive amount of data. People no longer write letters by hand but send emails and keep in touch with their acquaintances using social media. Moreover, reading books on the Internet and/or on portable electronic

devices (such as smartphones, e-readers or tablets) is becoming a viable alternative to traditional paper-based books. Besides, by using connected portable devices, readers are offered ubiquitous access to the world wide web, leading to the phenomenon of multitasking, i.e. the possibility to perform multiple tasks synchronously.

Technological change, however, affects each consumer in a different way (Prensky 2001). It can be affirmed that this influence is most visible among younger generations who were born digital (Rosen 2010).

Young consumers can be described in two ways: first, as members of Generation Z, and second, as digital natives. While the two categories highly overlap, the latter stems from the generational theory, i.e. positing that birth dates and the social, historical, and technological environment that one grows up in are fundamental (Howe–Straus 1991), whereas the former adds communication technology and people's relationship with technology to the picture.

According to generational theory, Generation Z is composed of individuals born between the middle of the 1990s and the end of the 2000s. They can best be characterised by the terms "instant" and "online" and by an extensive relationship with technology (Kirschner–Karpinski 2010). For this latter feature, they are also often referred to as the Internet Generation, Generation I, or iGeneration (Rosen 2010). Even though it is a common belief that this generation not only uses new technology but it is also aware of novelties, research shows that, despite a massive presence and use of technology in the everyday life, this generation still lacks the ability to efficiently exploit the prowess of technology (Bullen et al. 2009) due to a general lack of information literacy (Thompson 2013).

This generation can furthermore be characterised by the phenomenon of multitasking (i.e. the concurrent performance of multiple tasks) (Prensky 2001) and a shortened sequentiality, meaning that they tend to be quicker in turning from one task to another, preferring rapidity over accuracy (Levickaité 2010). This phenomenon is explained by the fact that human nature is incapable of handling

multiple tasks simultaneously with the same efficiency, but it is able to learn how to quickly alternate between tasks. People therefore are only capable of genuine multitasking when the tasks in question are highly automated and where creative problem-solving is not involved. In any other case, alternating between multiple tasks (and/or media) might lead to weaker overall performance (Beastall 2008).

Beyond the generational approach, consumers can be divided into two separate groups: digital immigrants and digital natives (Prensky 2001). The main differentiating attribute between the two groups is the different processing of information. On one hand, digital natives are those consumers who are surrounded by technology since their birth. They are the group that is using technology constantly and that is following new trends. On the other hand, we consider digital immigrants those users who have adopted new technologies, but will always have a digital "accent" (e.g. contrary to digital natives, they won't automatically turn to the Internet when in need of a piece of information).

Digital natives are used to rapid information flow (Prensky 2001) and to using connected devices as well as social media, which have become a norm in this age group's life. They can be characterised as interactive, flexible and connected, preferring immediacy and synchronous communication, reinforced by multitasking (and particularly by using digital and traditional media in conjunction with one another) (Bittman et al. 2011).

Socialising over the Internet through social media has become an integral part of their lives (Kirschner–Karpinski 2010), all the more so since, as Myers and Sundaram (2012) show, social media use often reflects a process of self-discovery and identity creation in their age group. Indeed, according to Pew (2013), young Internet users (aged 12–17) actively use social media (while another 21% are weekly users). More precisely, 52% of the 12–13 year-olds and 73% of the 14–17 year-olds are daily users. Not only do they visit these sites frequently, but they also operate as content creators and are therefore active users of social media (Thomas 2010). They can be characterised by a generally

Table 1. Characterisation of digital natives

Attributes	Young consumers
relationship to online content	active use; content creation; presumes
relationship to information	need for quick access to information
information processing	parallel
presence of multitasking	conjoint processes
online activity	emphasis on rapidity, interactivity, flexibility
relationship to digital devices	systematic use; monitoring and adopting novelties
amount of digital devices used	generally higher
communication process	immediate; synchronous
communication type	visual, audio, audio-visual content put forward; textual content relegated
media usage	parallel use of multiple channels
determining activity online	social networking, connectivity

Source: authors' own design

positive image of and an openness towards the phenomenon of social media and a growing information-sharing activity. The most frequented social spaces in 2012 were Facebook, Twitter and Instagram (Pew 2013).

The importance of Facebook, the largest social media site among the above-mentioned ones, as a unit of analysis is indisputable. According to Burke et al. (2011), activity on Facebook can be classified along users' levels of activity, i.e. [1] directed communication with individual friends (e.g. chatting, commenting, liking, tagging, messaging, viewing of acquaintances' "walls"), [2] passive consumption of social news (e.g. reading acquaintances' updates, viewing of photos, reading of news), and [3] broadcasting (e.g. posting content for others' consumption).

The most popular social media space among young users was Facebook, with an average of 300 contacts; the more friends youngsters have on an online platform, the more they can be characterised as socially active (Pew 2013). Additionally, it is worth noting that youngsters generally have narrower networks of acquaintances than adults (Pew 2015).

Usage intensity (measured primarily by frequency of use and time spent on the site) can be an indicator of an individual's level of involvement in a social media site's activity and of the presence of this latter in individuals' lives (Ellison et al. 2007). According to Ellison et

al. (2007), the intensive use of social networking sites and Facebook in particular parallels with the construction process of social capital; the more one uses social networking sites, the more social capital they will have, as shown by the number and depth of acquaintances.

According to Putnam (2000), one can distinguish between two main components of social capital: [1] bonding social capital and [2] bridging social capital. Bonding social capital refers to shared backgrounds and strong personal ties, typical between friends and family members. These contacts can be characterised by the presence of emotional support and reciprocity. The strong ties can be traced back to a greater amount of time spent together, the presence of emotional intensity and intimacy, as well as reciprocal "services" (Granovetter 1973).

The Internet intensifies the formation of bonding social capital, as the cost of entering virtual communities is considerably reduced, making it possible for users to form a wide network of originally weak ties (Lee et al. 2014), with possibilities of further involvement and group reciprocity, e.g. within neo-tribes (Cova–Cova 2002).

Bridging social capital can be characterised by relatively weak social ties, which is a reference to a higher level of utilitarian information sharing (e.g. useful consumer information or new viewpoints) within these groups, along with a lack of emotional support (Granovetter 1982). An example of bridging social capital is keeping in touch with former colleagues or classmates, which altogether contributes to widening one's social horizons and accessing information (Lee et al. 2014). Weak social ties in digital media thus imply individuals with networks of more distant acquaintances, often formed around specific environments and thus even offering access to specific knowledge, experience, or ideas (Hsu-Hsien 2011).

Youngsters have access to both social capital components on social media and Facebook, even though, in their case, stronger ties seem more prevalent. This is supported by Pew's (2013) results, showing that younger people's networks of acquaintances on Facebook are mostly made of schoolmates, friends, and family. At the same time, one can

also note a minor presence therein of weak ties related to teachers, celebrities and people they have never met in person.

As seen beforehand, younger generations' online activity is centred around connectivity and community. According to Lee et al. (2014), a number of activities related to the use of Facebook's platform (e.g. liking or commenting) are connected to the phenomenon of social capital. Those who comment more rarely are more likely to favour bonding social capital whereas those who like posts more often are more likely to build bridging social capital – even though liking and commenting are not mutually exclusive activities on social networking sites.

Social marketing on the Internet

Social marketing was first defined by Kotler and Zaltman (1971) as the method of planning, executing and controlling programmes aimed at influencing the acceptance of different social theories; it considers product design, pricing, communication, distribution, and market research as well. This original concept was focused on products, but it expanded later on. There are several problems that could be solved by social marketing: values that serve the interests of the society, such as health, security, environmental protection or any socially important subject, must be transmitted (Kotler–Lee 2008). The purpose of any social marketing campaign is the voluntary acceptance, refusal, change or abolition of a behaviour by a certain group of people, thus achieving higher utility for themselves or for the whole society. One of the most important elements of a campaign is to emphasise the benefits of the new behaviour, thus the necessities, desires and preferences of the target group have to be known (Kotler–Lee 2008).

Further research (Andreasen–Kotler 2003; Lefebvre 2009) extended the theory with coordination and control. Thus, social marketing is described as the activity of planning, organising, coordinating and controlling – using the framework of the marketing discipline – to influence social behaviours in order to handle social issues and causes to the benefit of target audiences and the wider society.

The field of social marketing can be subdivided into two operational perspectives: [1] institution-oriented and [2] problem-

oriented. In this article, we use a problem-oriented focus, whereby the social marketing activity can be defined as "the marketing activity assigned (among numerous stakeholders and through various tasks) to solve a given problem" (Piskóti 2012). In this case, social marketing can take various forms, e.g. health protection campaigns, protection of cultural values, or education improvement. Promoting reading among young generations pertains to this latter category. According to Piskóti (2012), "the goal of social marketing is to formulate constructive solutions in order to trigger the expected change in social behaviour, and to demonstrate to target groups that the benefits of the change outweigh the efforts required to reach it." Relevant phases are shown in Table 2.

Table 2. Phases of social marketing

Phase	Measures to perform
1. Preparation; Initiating the programme/action	Defining the tasks at hand: what to achieve and until when; what is the problem to be solved; what are the odds.
2. Identifying tasks; Analysis of the situation at hand	Corporate identity; mission; positioning of the programme; stakeholder groups; identifying existing communication channels; feasibility study: external/internal perceptions of the problem, opinions, cooperation projects, opponents, weaknesses, opportunities, potential issues, hypotheses, structured questions (mind-mapping), SWOT analysis, defining the final goal
3. Objectives and Strategy	Defining marketing objectives; defining a basic strategy; budget; schedule; responsibilities
4. Tactics and Planning	Tactical planning of events; planning of ideas, creations, communication measures; monitoring criteria; action plan; briefing; testing; detailed cost planning; media planning; etc.
5. Preparing the execution of the programme	Conclusion of contracts; production and distribution; committing media and service providers; operational planning; quality assurance
6. Execution of the programme	Programme execution; monitoring; feedback; change management

Source: authors' own design based on Andreasen (1994); Piskóti (2012); Rundle-Thiele (2015)

There are three different methods to achieve behavioural change: members of the target groups could be educated, motivated or being

offered a suggestion for a structural change (Donovan and Henley 2010). The suitable method depends on the seriousness of the social issue we want to change.

Method and data

Research aim and hypotheses

Our study is based on the Facebook posts of the "Movie in Your Head" Campaign, carried out in Hungary in 2014. We analysed Facebook statistics for n=120 posts. Our main aim was to discover the effectiveness of this social media campaign. Therefore, we focused on the following research question:

RQ: What kind of posts is most effective in reaching members of Generation Z?

We have formulated the following two hypotheses:

H1. The promoted posts have more efficient reach than organic (unpromoted) ones.

H2. The type of posts determines the impressions. Posts with audiovisual content perform better in persuading our target group than simple text messages.

Introducing the "Movie in Your Head" Campaign

The campaign called "Movie in Your Head" was carried out in February-March 2014 by the Hungarian Creative Arts Nonprofit Ltd. (Magyar Alkotóművészeti Közhasznú Nonprofit Kft. – MANK), the Petőfi Literary Museum (Petőfi Irodalmi Múzeum – PIM), the Klebelsberg Institution Maintenance Centre (Klebelsberg Intézményfenntartó Központ – Klik), which is in charge of managing Hungary's public education institutions, and the Hungarian Reading Association (Magyar Olvasástársaság – HunRA). The campaign – that aimed at promoting reading among 8–16 year-olds – included an introduction to Hungarian authors, the promotion of contemporary Hungarian literature, promoting reading among disadvantaged young readers, and altogether, keeping in touch with the reading public.

The campaign started on February 6, 2014, with the main focus on Facebook. There, anybody could like the profiles created for the

characters of two famous Hungarian novels (*The Paul Street Boys*[4] and the *Eclipse of the Crescent Moon*[5]), which are compulsory school readings. An interesting feature of the campaign was to present the events of the two books not only in a series of comments made by the fictional characters on their social profiles, but also in blog posts[6] written through the eyes of these characters[7]. In this study, we only focus on posts related to the book *The Paul Street Boys*.

Categorisation of Facebook posts

Posts on the above-mentioned Facebook pages served as the basis for analysis. Four distinct content categories were identified, namely: status updates, embedded videos, links, and photos. The first posts introducing each page (and character) were left out of the analysis.

The units of analysis were the various elements that composed each post (textual content, photos, links, emoticons). We were able to distinguish two main dimensions: cognitive-dominant and affective-dominant contents. A unit of analysis was defined as cognitive if it communicated a fact or a piece of information (e.g. words referring to places or characters in the novels) and as affective if it expressed some kind of emotion (either directly or indirectly – e.g. words of emotion or the use of emoticons).

A manifest analysis followed, during which all cognitive and affective elements within each post were counted and the post itself was categorised. Four categories were distinguished during the analysis: rather cognitive, rather affective, both, and none (Table 3). These categories were created during a pre-coding phase, where we found out that the sample did not contain any purely cognitive or purely affective posts. Limit values were then set during multiple pre-coding phases for mixed entries to be classified into a category. When determining limit values, an important consideration was that the majority of posts

[4] Molnár, F. 1907. *A Pál utcai fiúk.* Budapest: Franklin-Társulat.

[5] Gárdonyi, G. 1901. *Az egri csillagok.* Budapest: Légrády Testvérek.

[6] See: http://www.moziafejedben.blog.hu.

[7] As such, *The Paul Street Boys*'s Geréb is given a platform to explain his betrayal of the Paul Street gang and his joining the Redshirts gang.

should not be categorised as "none" (this category being irrelevant for further analysis).

As a result of the content analysis, the cognitive-affective matrix was elaborated for all book characters, based on the posts showing on their Facebook pages. This way, all relevant posts could be identified for our subsequent study, whereas posts that did not contain any affective or cognitive elements were eliminated from further study.

Table 3. Cognitive/affective categorisation of analysed posts

Rather cognitive Posts that contain at least three cognitive elements.	**Both** Posts with at least three cognitive and three affective elements.
None Posts with less than three cognitive or affective elements.	**Rather affective** Posts that contain at least three affective elements.

Source: authors' own research

Analysis of the sample

Data gathered during the content analysis phase was analysed with the SPSS statistical software. Altogether, 112 Facebook posts were studied in connection with *The Paul Street Boys*. A large share of these posts were status updates (38), embedded videos (35), and links (24) (Table 4). During the campaign, a total of 15 photos were shared with the public. Six characters from the novel were created separate profiles, of which (based on their actions in the novel) three can be described as positive characters, two as negative, and one as neutral (first negative, then positive).

Table 4. Descriptive characteristics of the sample (n=120 posts)

Type of post	Count	%
Status update	38	34%
Photo	15	13%
Link	24	21%
Video	35	31%

Source: authors' own research

Out of the 100 posts included in the final sample, a total of 31 contained some kind of external reference (e.g. "Long live Nemecsek, long live the Grund! Read Ernő's post at: http://moziafejedben.

blog.hu/2014/03/01/meg_utoljara_eljen_a_grund" [Geréb's character profile page, March 1, 2014.]). A comparable number of posts were categorised as affective or cognitive (18 vs. 20) and 22 posts could not be characterised as either affective or cognitive. Most cognitive posts (14 out of 20) were related to status updates, while embedded videos were the most numerous among affective posts (9 out of 18). External references were mostly featured by links and videos (11 and 12 posts) (Table 5).

Table 5. Sample composition along content analysis dimensions (n=100 posts)

Type of post	Content analysis dimensions					Total
	Cognitive	Both	Affective	None	External reference	
Status update	14	1	3	14	5	37
Photo	2	1	1	1	3	8
Link	3	0	5	2	11	21
Video	1	7	9	5	12	34
Total	20	9	18	22	31	100

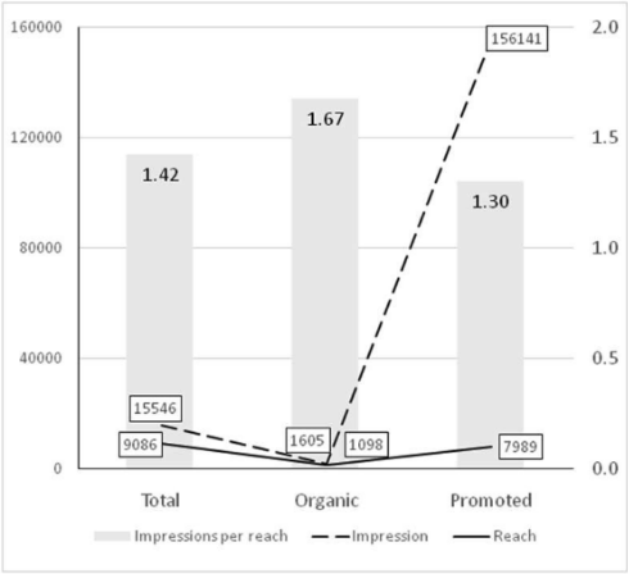
Source: authors' own research

Results and analysis

A key issue in planning a social media campaign is whether to use paid appearances to supplement organic posts. In order to reflect on this issue for the campaign in question we divided the posts analysed in the sample based on whether they were promoted (10 posts in the sample) or not (100 posts).

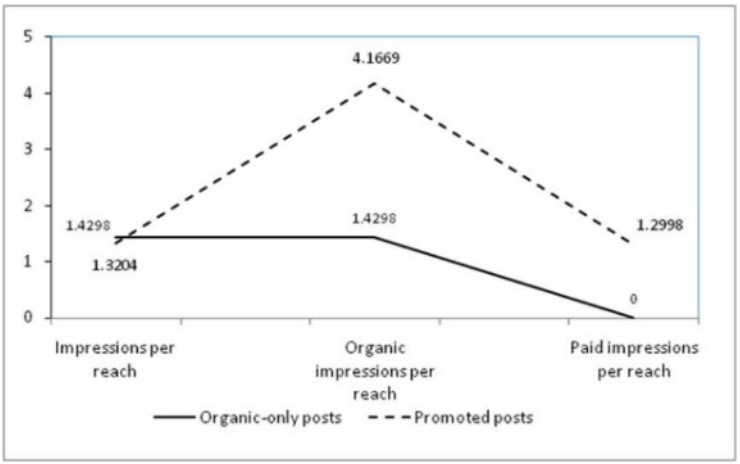
When studying the sample as a whole (Figure 1), it is clear that paid appearances perform better: one unit of reach required 1.3 impressions for promoted posts, whereas 1.67 impressions were required for organic posts.

By examining the two subgroups separately, it became evident that promoted posts' organic reach was significantly lower: in these cases, 4.17 organic impressions were needed, on average, for an organic reach, while only 1.43 impressions were needed for one user reach in the case of un-promoted posts (Figure 2). In the two subgroups, the efficiency indicator related to total reach shows no significant difference. According to this result, promoted posts do cannibalise the performance of organic posts, thus deteriorating the constructed activity indicators.



Source: authors' own research

Figure 1. Reach and impression indicators



Source: authors' own research

Figure 2. Average impressions per reach, in the case of paid and organic-only posts

In a following phase of our study, we aimed to analyse in detail the relationships related to total and organic reach and the efficiency indicators. The main research question here was whether total and organic reach and overall efficiency are affected by subjective, psychological aspects (modelled here by the categorisation of posts as affective, cognitive, etc.) and by other contextual aspects (e.g. time/day of publication, sponsored/non-sponsored posts).

To answer this research question we proceeded to a linear regression analysis, using backward stepwise elimination. According to pre-fixed criteria, only those variables with a level of significance of at least 0.1 were kept in the model.

When examining total and organic reach as independent variables, the same pool of independent variables turned out as important on a 0.05 significance level. The level of organic impressions had, in both cases, a positive effect on the reach. In contrast, we notice the opposite effect in the case of sponsored posts: sponsored impressions overall contribute to increasing total reach, while having a significant negative effect on organic reach. This result shows once again – in concordance with our analysis of variance – the cannibalising effect of paid posts on organic impressions. Among the studied psychological indicators, on a 0.1 significance level, cognitive pieces of information have a considerable negative effect on total reach, while both cognitive and affective posts have a significant negative effect on organic reach. This result confirms the hypotheses made in previous studies (DeStefano–LeFevre 2007), according to which interpreting cognitive content requires a greater effort from the user and therefore decreases its performance.

The day of publication was equally shown to have an effect on total reach: posts that appeared on weekdays contributed to an average additional reach of 509 users.

When considering total and organic impressions as dependent variables, the analysis shows a very different picture. Cognitive content has once again a significant effect on the number of total impressions needed to reach a user, with an average of 0.134 additional impressions

needed for one unit of reach with this type of content. Once again, weekday posts show a higher performance level, with, on average, 0.066 fewer impressions needed in the case of weekday sponsored posts. However, the explanatory power of the model is rather low and one can therefore conclude that a number of additional relevant attributes might affect the indicator.

When studying the number of organic impressions per reach, only one variable turned out to have a significant effect: sponsored posts are expected to require, on average, 3.055 more impressions to reach one user. With this variable, the model's explanatory power reaches 53.6%.

Table 6. Results of the regression analysis (n=100 posts)

Independent variables	Total reach		Organic reach		Total impressions per reach		Organic impressions per reach	
	Beta	Sig.	Beta	Sig.	Beta	Sig.	Beta	Sig.
Constant	-282.063	.463	4.257	.898	1.442	.000	1.430	.000
Organic impressions of the posts	.752	.000	.733	.000	N.A.		N.A.	
Paid impressions of the posts	.484	.000	-.002	.000	N.A.		N.A.	
Promoted post (Dummy)	13875.513	.000	-480.813	.000	N. sig		3.055	.000
Cognitive (Dummy)	-610.635	.081	-61.570	.070	.134	.004	N. sig	
Both (Dummy)	N. sig		-76.836	.104	N. sig		N. sig	
Affective (Dummy)	N. sig		N. sig		N. sig		N. sig	
None (Dummy)	N. sig		N. sig		N. sig		N. sig	
Publication - morning, afternoon, evening	N. sig		N. sig		N. sig		N. sig	
Publication – weekday, weekend	509.029	.097	N. sig		-.066	.092	N. sig	
Adjusted R^2	.999		.956		.078		.536	

Source: authors' own research

Both performance analysis and regression confirm our H1 hypothesis: promoted posts perform better than organic ones, furthermore, do cannibalise the performance of organic posts, thus deteriorating the constructed activity indicators.

In the next phase, we examined performance, activity and effectiveness indicators based on "type of post" and "content type" indicator groups.

In the case of links, the average value of reach per unit of action is

significantly higher than for other post types (avg_{link}=26.9). Status updates perform best under this indicator (avg_{status}=11.7) and they also receive, along with photos, the highest number of user comments (avg_{status}=2.2, avg_{photo}=2.1) (Table 7). Therefore, we reject our H2 hypothesis, namely that the type of posts determines the impressions. Our study does not confirm that posts with audio-visual content perform better in persuading a target group than simple text messages.

Table 7. Effect of the type of post on various indicators (significant results)

Type of post		Avg. reach per unit of action	Avg. comment
Status update	Mean	11.7	2.2
	N	38	34
	St.dev	13.3	1.4
Photo	Mean	18.4	2.1
	N	15	5
	St.dev	11.9	0.8
Link	Mean	26.9	1.3
	N	24	13
	St.dev	30.3	0.4
Video	Mean	13.7	1.4
	N	35	25
	St.dev	9.4	0.8
Total	Mean	16.5	1.8
	N	112	77
	St.dev	18.1	1.1
Sig.		0.01	0.01
Eta		0.32	0.32
Eta^2		0.10	0.10

Source: authors' own research

The effect of content type is presented in Table 8. The average number of likes was higher for posts of a dominantly cognitive nature; that is, cognitive posts were more likely to generate a higher number of likes among engaged users than other types of posts. The average number of user actions per user was the lowest for those posts that did not have a cognitive or an affective touch and therefore seemed not to have engaged the target group. The average reach needed for a user interaction was the highest for posts with external references and the

lowest (and thus more effective) for posts with both cognitive and affective elements (avg_{both} =5.5).

Table 8. The effect of content type on various indicators (significant results)

Type of post		Avg. like	Avg. user actions per user	Avg. reach per user interaction
Cognitive	Mean	1.2	1.0	9.1
	N	20	20	20
	St.dev	0.4	0.1	5.8
Both	Mean	1.1	1.0	5.5
	N	9	9	9
	St.dev	0.2	0.0	3.6
Affective	Mean	1.1	0.8	14.5
	N	18	18	18
	St.dev	0.3	0.3	15.9
None	Mean	1.0	0.6	17.0
	N	22	22	22
	St.dev	0.1	0.4	17.8
External reference	Mean	1.0	0.9	20.7
	N	31	31	31
	St.dev	0.1	0.2	21.6
Total	Mean	1.1	0.9	15.1
	N	100	100	100
	St.dev	0.2	0.3	16.9
Sig.		0.04	0.00	0.05
Eta		0.31	0.50	0.30
Eta^2		0.10	0.25	0.09

Source: authors' own research

Conclusions

Facebook has changed its algorithm and business policies several times recently. Therefore, several factors have to be considered when planning Facebook-based social marketing campaigns: the type of posts (e.g. status updates, photos, etc.), emphasising cognitive or affective content, and the role of paid reach. Our results show that status updates, paid appearances and rather cognitive content could generate the highest reach. Reading promotion is a socially desired social marketing activity, thus this kind of campaigns and projects should focus on these features during the planning phase.

We have confirmed that Facebook has pushed content towards the paid approach: both our performance analysis and regression have confirmed that promoted posts perform better than organic ones; furthermore, they cannibalise the performance of organic posts, thus deteriorating the constructed activity indicators. Moreover, sponsored impressions overall contribute to increasing total reach, while having a significant negative effect on organic reach.

The content of the posts is another determining factor. It seems that cognitive posts were more likely to generate a higher number of likes among engaged users than other types of posts. The average number of user actions per user was the lowest for those posts that did not have a cognitive or an affective touch and therefore seemed not to have engaged the target group. Affective, emotional content could raise awareness, but it is unable to induce long-term attitude change, therefore contents purely relying on affective elements are not able to make users take action. Furthermore, our study has confirmed that the type of posts does not determine the impressions. Our data does not support the hypothesis that posts with audio-visual content perform better in persuading a target group than simple text messages.

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Romania as a country brand: A comparative study based on current nation brand indexes

ISTVÁN BENEDEK[1]

The purpose of this study is to provide a comparative analysis regarding the ranking of Romania as a country brand, based on the most widely used methods for measuring nation brands. The first part presents the different methodologies, variables and research designs used by four of these reputable country brand rankings, including the Anholt-GfK Roper Nation Brand Index, the FutureBrand Country Brand Index, the Travel and Tourism Competitiveness Report and the Good Country Index. The second part looks at the results of these indexes, comparing Romania's position to its previous rankings as well as to those of other nations from the Central and Eastern European region. The final part of the study formulates recommendations for governments and brand managers regarding the interpretation of these nation brand rankings.

Keywords: place branding, nation branding, nation brand equity, country brand index.

JEL codes: M38, Z32.

Introduction

While earlier marketing and branding techniques were used only for products and services, today it is widely accepted that some countries, regions and cities – alike manufacturers and suppliers – fight to be more efficient in reaching their target audiences and in building their own brands. Simon Anholt declared in 2002 that due to globalisation the whole world had become a huge department store (Fetscherin 2010). In order to remain competitive in this department store and to build a lasting brand, countries have started to use those tools and techniques that have already proved to be efficient in classical marketing.

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For public institutions acting as brand owners, one of the key concepts related to nation branding is the nation brand equity. Today, there are a number of measurement tools advanced by practitioners and academics in the field that provide an answer to the same question: how can and should the value of a nation brand be measured?

The present study examines the most widely used and acknowledged nation brand indexes, their methodology and recently published results and it evaluates the position of the Romanian nation brand in comparison to the results of earlier years and to the performances of other countries from the Central and Eastern European region. As earlier research (Kádár 2013) already examined the ranking of the Romanian nation brand, the current study can be considered relevant for two specific reasons: on the one hand, it points out the recent methodological differences related to these nation brand indexes, and on the other hand, it describes a new measurement tool which has recently been introduced for nation brands, namely the Good Country Index.

Literature review

Despite the fact that place branding has only recently emerged as an academic field, its application in practice has a long history. According to Hankinson (2010), the origins of the practice can be traced back to the mid-1800s. At that time, places adopted different marketing techniques in order to differentiate themselves. Earlier literature used the term 'place selling' to describe these marketing initiatives (Ward 1998). In that context, place selling was an act of communication, based on the specific offer a place could provide to its audience. It was a practice that focused mainly on external audiences, especially potential tourists and visitors.

The conceptual development of place branding as an academic field has multiple origins. The early academic interest came from scholars of urban policy, tourism, and marketing research. A thorough literature review on place branding theory is provided by Hankinson (2015), who explains the contribution of the above-mentioned fields. The field of urban policy examined the urban image of places and the

nature of place product. From the tourism perspective, the focus was placed on investigating the destination image as a phenomenon. Marketing literature provided research on the applicability of promotional tools and strategies in the context of places. These research fields evolved independently, with little reference to each other.

Since the beginning of the 2000s, there has been an emerging interdisciplinary convergence across these academic fields and, as a result, place branding has evolved into a distinct research domain for academic scholars. Place branding provides a theoretical foundation for branding strategies applied to destinations (destination branding), cities (city branding), regions (regional branding), and countries (nation branding). Compared to earlier 'place selling' initiatives, place branding – in its current view – refers to a more strategic approach involving the conscious planning and implementation of marketing and branding processes and strategies.

Current place branding literature still lacks a clear theoretical framework that should guide its practical application (Ashworth et al. 2015). There is still confusion in the use of terms such as place marketing or place branding. Kavaratzis and Hatch (2013) point out that there is no clear distinction between place marketing and place branding, as some scholars view branding as part of the tools that place marketing can offer to place marketers, whereas others argue that branding provides a framework and strategic guidance to place marketing. This study tends to agree with this latter view and considers place branding a process that has an overarching role in planning, creating, implementing and communicating the specific place identity of a certain city, region, or country.

Simon Anholt was the first scholar to use the term 'nation branding' in 1996 (Dinnie 2008). The concept was based on the idea that the reputation of a certain nation is similar to the image of a product or a company. Ten years later, the same author suggests (Anholt 2007) that the term 'competitive identity' should be used instead of nation branding because it better describes the synthesis of brand management with public diplomacy, trade, investment, tourism, and export

promotion. Moreover, in his latest book, Anholt (2010) states that there is no such thing as nation branding because even if nations are already brands, they cannot be branded in the same way as companies do branding. A similar idea is advanced in the paper of Gudjonsson (2005), who argues that, despite its name, nation branding is not a process of branding a nation, but rather a supporting programme that increases the prosperity of a certain nation.

Other scholars, like Fan (2010), consider that the nation brand is the total sum of perceptions about a nation in the minds of international stakeholders, which exist even if no conscious efforts are made to manage them. The process of nation branding aims to develop and manage the brand identity of a certain country. Dinnie (2008) defines the concept as the unique and multi-dimensional combination of elements that provide the nation with a culturally grounded differentiation and relevance for all of its target audiences. A more comprehensive definition is provided in the book of Aronczyk (2013), who points out that nation branding is the process of creating and communicating the national identity using corporate management tools, techniques, and expertise. From an economic point of view, it is a strategy for creating fiscal advantage in areas like tourism, foreign direct investment or higher education, whereas from a marketing perspective, it is more like a communication strategy that generates international awareness.

A current nation branding challenge is to create widely accepted and acknowledged models that can offer a basis for further research (Fan 2010). The majority of these models are trying to provide a theoretical framework for measuring the value of a certain place brand. In order to evaluate nation brand equity, several models have been created, like the Anholt-Gfk Roper Nation Brand Index, the Country RepTrak, the FutureBrand Country Brand Index, the East-West Nation Brand Perception Report, the Global Peace Index, the Good Country Index, or the Country Brand Strength Index (Fetscherin 2010; Go–Govers 2011; GoodCountry 2016a). The above-mentioned indexes provide information about the strength of a nation brand, but today several models are available for measuring the value of cities as place

brands as well, like the Anholt-GMI City Brand Index or the Saffron European City Brand Barometer (Zenker 2011). Sevin affirms that there are three possible options when considering the purpose of place branding measurement models: 1. employing corporate marketing and branding measures, 2. adapting corporate marketing and branding measures to the place branding context, or 3. designing models that are specific to the place branding field (Sevin 2014).

Research methodology

The current paper uses an exploratory qualitative approach. Secondary data is collected using online sources, primarily the websites of country brand indexes. The four indexes presented in this paper were selected considering four main factors. First, all of the four indexes are considered relevant and popular country brand measurement tools in the place branding literature. Second, the results and the methodology of these reports are publicly available. Third, all of the four reports are published annually or bi-annually. Fourth, all of the reports examined the performance of the Romanian nation brand over the last 10 years.

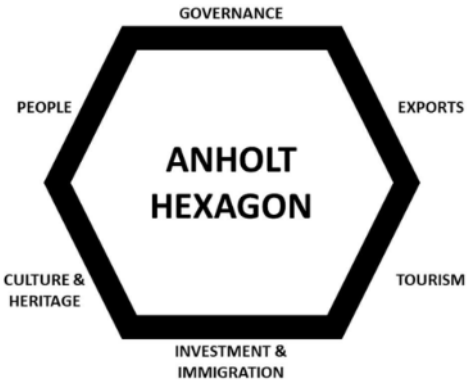
The case study uses Romania's brand as the unit of analysis. The aim of the study is to compare Romania's position in the selected nation brand indexes. The current paper takes into consideration the most recent position of the Romanian nation brand compared to the previous results and provides a comparison of the performances achieved by the Central and Eastern European countries.

Nation Brand Indexes

Anholt-GfK Roper Nation Brands Index

The index was developed by policy advisor Simon Anholt in 2005 (Feinberg–Zhao 2011). Since 2008, the ranking has been conducted in collaboration with GfK (Gesellschaft für Konsumforschung/Society for Consumer Research), the fourth largest market research organisation in the world. The Nation Brand Index (NBI) measures the image and reputation of 50 selected countries. The research is carried out in 20 core panel countries using online questionnaires. Each year, approximately

20 000 adults participate in the research. The theoretical framework of the research is based on the Anholt Nation Brand Hexagon (Anholt 2004). This framework examines the image and reputation of the countries based on six dimensions, as shown in Figure 1.



Source: Anholt (2004)

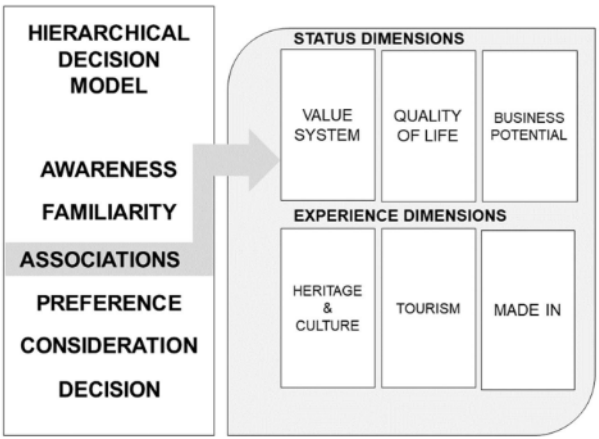
Figure 1. The Anholt Nation Brand Hexagon

The first dimension, *Governance*, refers to the public opinion about the competency of the national government, as well as its perceived commitment to global issues, like poverty, environment or international peace. The *People* dimension examines the reputation of the population for competence, openness, friendliness, and tolerance. The third dimension, *Culture & Heritage*, measures the global perception and appreciation of each country for its heritage and contemporary culture including arts, literature, movies, music, and sports. *Investment and Immigration* examine the power of attracting people to live, work or study in each country. The fifth dimension, *Tourism*, measures the tourism attractiveness of each country, considering the natural and man-made tourist attractions as well. Finally, the *Exports* dimension evaluates the image of the products and services from each country. The place branding literature refers to this phenomenon as the country-of-origin effect. The Anholt-GfK NBI is considered the most comprehensive and representative research of national reputation

(Feinberg-Zhao 2011). For governments and brand managers, this index offers valuable data about the global perception of a certain nation.

FutureBrand Country Brand Index

The global consultancy company FutureBrand developed a distinct measurement tool for nation brands and published the first Country Brand Index (CBI) report in 2005. The CBI is designed to measure the perceptions of a certain nation brand strength across multiple dimensions (Adams 2011). The latest report (2014–2015) included a total number of 75 countries, with research based on quantitative and qualitative data from 2500 respondents from 17 core panel countries. The selected respondents are considered opinion formers and frequent international business or leisure travellers (FutureBrand 2014a). Figure 2 presents the theoretical framework of the FutureBrand index, called the Hierarchical Decision Model (HDM).



Source: Future Brand (2014b. 9)

Figure 2. The FutureBrand Hierarchical Decision Model

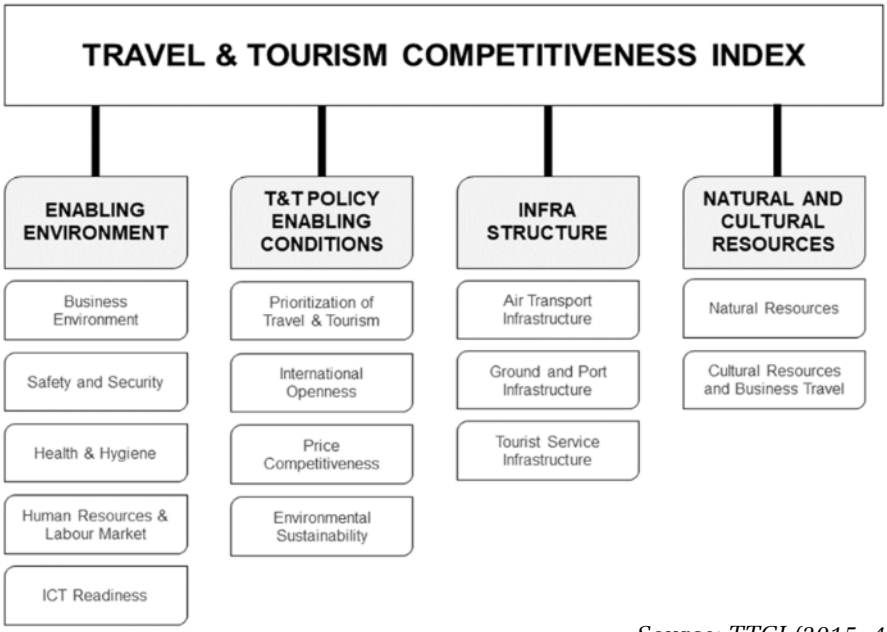
The HDM model determines how the key audiences perceive a nation brand. According to the model, there are six levels of brand perceptions: awareness, familiarity, associations, preference, consideration, and decision. The CBI measures the association dimensions for each country and divides them into two distinct categories: status-related associations

and experience-related associations. Status-related associations are divided into three sub-dimensions: value system, quality of life, and business potential. Experience-related associations include three sub-dimensions as well: culture and heritage, tourism, and made in effect. Compared to the NBI, there are several dimensions that are identical. Both indexes measure variables related to the tourism potential and attractiveness of the countries, both evaluate the quality of the products and services from a certain country, both examine the most important cultural and natural values, as well as the business potential and living standards. The FutureBrand Country Brand Index provides a valuable external view of country brand strengths and possible weaknesses that are otherwise not visible to brand managers and national governments (Adams 2011).

Travel and Tourism Competitiveness Index

The World Economic Forum first published the Travel and Tourism Competitiveness Index report (TTCI) in 2007. The aim of the TTCI is to provide a comprehensive strategic tool for countries to measure those Travel & Tourism sector-related variables that contribute to the development and competitiveness of a certain country (TTCI 2015). The latest report ranked a total of 141 countries from all over the world. Two thirds of the data are statistical data from international organisations, while one third of the data is based on survey results from the annual Executive Opinion Survey carried out among 15 000 business executives and leaders.

The theoretical framework of the latest TTCI report is based on four sub-indexes as shown in Figure 3. The *Enabling Environment* sub-index evaluates some of the general settings that are necessary for the Travel & Tourism sector to operate, including the business environment, the safety and security of the country, health and hygiene conditions, human resources and labour market, and finally the ICT (Information and Communication Technology) readiness which measures not only the existence of a modern infrastructure, but also the capability of businesses to provide online services. The ICT sector has an increasing importance in Travel & Tourism competitiveness as more and more people use the Internet to plan and book their trips. The *Policy and Enabling Conditions* sub-index measures specific policies that have an



Source: TTCI (2015. 4)

Figure 3. The Travel and Tourism Competitiveness Index Framework

impact on the Travel & Tourism industry like the extent to which the national government prioritises this industry sector through development projects and national marketing campaigns. Other variables include the international openness, the price competitiveness and the policies enhancing environmental sustainability.

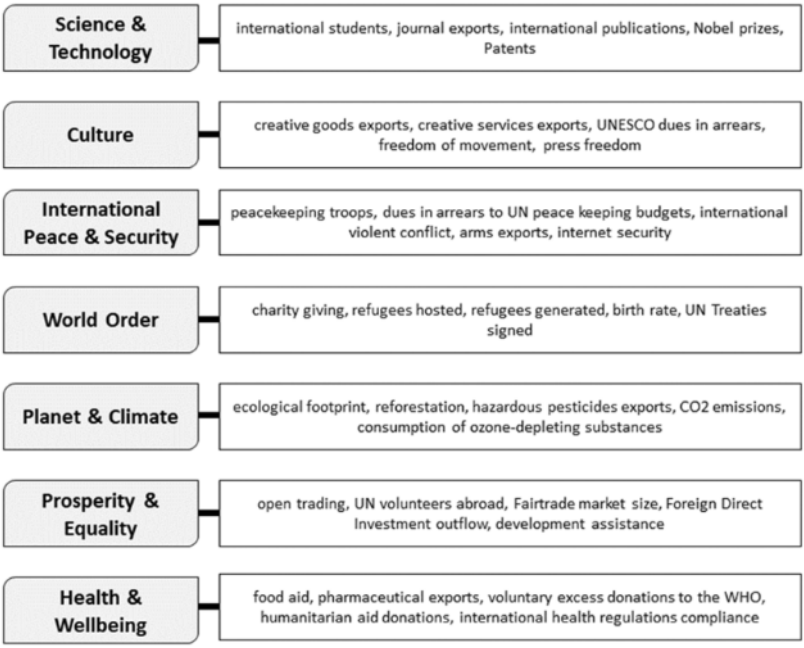
The *Infrastructure* sub-index captures the availability and quality of transport, including air, ground and port infrastructure, and tourist service infrastructure. The tourist service infrastructure measures indicators like the number of hotel rooms, car rental companies, or ATMs. The fourth sub-index, *Natural and Cultural Resources*, evaluates the reasons why people travel to a certain country, including natural, cultural and business-related values. The included variables measure the number of UNESCO World Heritage sites and tourism-related online search data across relevant keywords.

Good Country Index

The latest measurement tool for country brands is the Good Country Index (GCI) developed by Simon Anholt in collaboration with several organisations which provide data for the ranking. The first GCI report was published in 2014. The aim of the ranking is to measure what each country contributes to the common good of humanity, relative to its size (GoodCountry 2016a). According to Anholt, the main reason why people admire a country is that they feel it is a good country (Kortava 2015).

The latest GCI report ranked a total number of 163 countries according to 35 indicators, including positive indicators like humanitarian aid donations and the number of United Nations volunteers abroad as well as negative ones like CO_2 emissions and arms exports. Statistical data from the United Nations and other international organisations are used in order to rank the countries. The theoretical framework of the index includes seven main categories, with five subcategories each. The main categories are the following: Science & Technology, Culture, International Peace & Security, World Order, Planet & Climate, Prosperity & Equality, and Health & Wellbeing (Figure 4).

The *Science and Technology* dimension measures the contribution of each country based on variables like the number of international students, number of articles published in international journals or accumulated Nobel prizes. The *Culture* dimension evaluates variables like the creative goods and services exports based on the UNCTAD Creative Economy Report categorisation, the freedom of the press and the freedom of movement. The *International Peace and Security* dimension examines variables such as the number of peacekeeping troops in UN missions, the exports of weapons and ammunition, or the Global Cybersecurity Index score provided by the International Telecommunication Union. The contribution to *World Order* dimension includes variables like the number of refugees hosted and generated, the birth rate of the population, or the percentage of the population that gives to charity. The *Planet and Climate* dimension examines variables such as the ecological footprint of the countries, the CO_2 emissions, or



Source: author's own design based on GoodCountry (2016b)

Figure 4. The Good Country Index Framework

the consumption of ozone-depleting substances. The *Prosperity and Equality* dimension evaluates the number of UN volunteers abroad, the size of the fair trade market, as well as the FDI outflow. The last dimension measures the contribution of each country to the *Health and Wellbeing* of the planet based on variables like humanitarian aid donations, voluntary donations to the WHO (World Health Organisation), and the amount of food aid shipments.

Nation brand index rankings and the case of Romania

This part of the study examines the latest available results of the nation brand indexes presented above and compares the ranking of the Romanian country brand on the one hand to its previous results and on the other hand to those of other countries from the Central and Eastern

European region. The countries from the region are selected based on the OECD statistics portal: Albania, Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Slovakia, Slovenia, and the Baltic states: Estonia, Latvia, and Lithuania (OECD 2016).

The latest report published by the Anholt-GfK Roper Nation Brand Index refers to 2016 (GfK 2016) and the following 10 countries top the ranking (their 2015 position is mentioned in brackets): 1. United States of America (1), 2. Germany (2), 3. United Kingdom (3), 4. Canada (5), 5. France (4), 6. Italy (7), 7. Japan (6), 8. Switzerland (8), 9. Australia (9), and 10. Spain (10). As far as the top ten countries are concerned, we notice that most of these countries have maintained their 2015 position and no new country has made it to the top ten. Although there are no major differences regarding rankings, we notice some differences between the scores reached by the countries. When examining these differences, we can talk about minor changes (+/- 0.25–0.50), medium changes (+/- 0.51–1.00), and major changes, when the difference is greater than 1.00 point. The latest report shows that the reputation of each top 10 country has changed in a negative manner compared to the previous ranking. Two countries have witnessed large declines in their reputation, namely the United Kingdom (-1.31) and the United States of America (-1.04). In the case of Germany (-0.96), Japan (-0.88), France (-0.81), Switzerland (-0.64), Sweden (-0.64), and Italy (-0.54) medium declines have occurred. Only two countries from the top 10 nations, namely Canada (-0.33) and Australia (-0.25) have witnessed minor declines in their reputation (PlaceBrandObserver 2016).

The 2016 Anholt-GfK report ranked six countries from the Central and Eastern European region: Russia, Poland, the Czech Republic, Hungary, Turkey, and Kazakhstan (GfK 2016). It is the first time that the latter – Kazakhstan – is included on the list. As public data is available only for the top 10 countries in the ranking, it is not possible to compare the actual results of the countries from the Central and Eastern European region. The last time Romania was among the 50 analysed countries was in 2009. That year, Romania reached the 37th place, which means that 75% of the analysed countries had better results. In

2009, the Central and Eastern European region was represented by the following countries: Russia (21), Poland (27), Hungary (29), the Czech Republic (30), Turkey (32), Estonia (42), and Lithuania (43). We notice that five of these countries show up in the most recent report as well. From the list of Central and Eastern European countries, the Anholt-GfK Nation Brand Index does not measure the country image of Albania, Bulgaria, Croatia, Slovakia, Slovenia, Latvia, Romania, Estonia, and Lithuania. The fact that Romania has not been included in the report since 2009 indicates that – on a regional level – it does not meet the requirements of the model, i.e. people think that this country brand is not determinant and relevant enough to be part of the analysis.

The latest FutureBrand Country Brand Index report is the 2014–2015 edition. The top 10 country brands according to this latest report are the following (FutureBrand 2014a): 1. Japan (3), 2. Switzerland (1), 3. Germany (7), 4. Sweden (4), 5. Canada (2), 6. Norway (10), 7. the United States of America (8), 8. Australia (6), 9. Denmark (12), 10. Austria (17). Similar to the Anholt-GfK Roper Nation Brand Index, there are only a few changes regarding the top 10 countries compared to the previous report. Denmark and Austria are the two exceptions. Japan took the number one position for the first time in the history of the report. The result is probably related to the latest developments in the research methodology. FutureBrand's report measured attributes relating to the country-of-origin effect for the first time as an additional dimension of country brand strength and increased the focus on specific measures like the decisions to visit, invest in and recommend a certain country. The latest FutureBrand report also emphasised that, out of the 75 countries included in the survey, only 22 qualified as a country brand. In other words, less than 30% of the countries had above-average perception scores across all six dimensions: value system, quality of life, business potential, culture and heritage, tourism, and country-of-origin (FutureBrand 2014b).

FutureBrand CBI reports first mentioned Romania in 2008 (FutureBrand 2008). At that time, the country did not reach a certain position, but it was mentioned in the so-called 'In Vogue' category,

which meant that the country had got the attention of a certain target group and that could lead to positive word-of-mouth advocacy for the country. The first public survey including the ranking list of all the analysed countries refers to the year 2010. At that time, 110 countries were analysed and Romania ranked 92nd (FutureBrand 2010. 45). In the 2011-2012 survey, 113 countries were analysed and Romania took the 101st place (FutureBrand 2011. 79), whereas in 2012–2013 it ranked 100th out of 118 analysed countries (FutureBrand 2012. 106). The latest report ranked only 75 countries. Romania was still among the countries participating in the survey and took the 62nd place, overtaking countries like Colombia (63), Vietnam (64) or Kenya (65), but finishing behind Lebanon (61), Sri Lanka (60) or Slovakia (59). As far as the European countries are concerned, the report emphasises that they usually receive really good scores for tourist attractions, natural values, historical sites, built heritage, culture, and arts; but, at the same time, they usually get worse scores for technological development, business potential, gastronomy and good price-value ratio. Analysing the Central and Eastern European region, Romania reached a better position than the neighbouring Bulgaria (67), but it was overtaken by Slovakia (59), Hungary (56), Estonia (47), Poland (45), Croatia (44), and the Czech Republic (29). The most outstanding country in the region seems to be the Czech Republic, which made it to the top 30. The following countries from the Central and Eastern European region were not included in the report: Albania, Slovenia, Latvia, and Lithuania.

The latest Travel & Tourism Competitiveness Report was published in 2015. According to this latest report, the top 10 ranked countries were the following (TTCI 2015): 1. Spain (5.31), 2. France (5.24), 3. Germany (5.22), 4. United States of America (5.12), 5. United Kingdom (5.12), 6. Switzerland (4.99), 7. Australia (4.98), 8. Italy (4.98), 9. Japan (4.94), and 10. Canada (4.92). Just like in the case of the Anholt-GfK and FutureBrand rankings, the TTCI ranking emphasises the dominance of European countries as six out of the first 10 positions are taken by countries from this continent. The report points out that Europe continues to dominate the ranking thanks to its outstanding tourism service infrastructure,

excellent health and hygiene conditions, and the high degree of international openness and integration, mostly thanks to its Schengen Area, but it also highlights that there are significant differences across countries and regions (TTCI 2015). Spain tops the list for the first time, followed by France and Germany. The fact that Spain is not listed as a top 10 country in the previously presented rankings shows that the TTCI ranking prioritises those countries that have greater tourist potential and successfully manage to benefit from it. The annually published Tourism report of the World Tourism Organisation (WTO) supports this assumption. In 2015, the first three countries ranked by the number of international tourist arrivals were the following: 1. France (84.5 million tourist arrivals), 2. United States of America (77.5 million tourist arrivals), and 3. Spain (68.2 million tourist arrivals) (UNWTO 2016).

Since 2007, the TTCI report has examined the competitiveness of the Romanian tourism industry as well. Table 1 sums up the results of this report, presenting the position obtained in the ranking, the achieved score and the total number of countries examined in the survey. In 2007, Romania reached the 76th position out of 124 countries (TTCI 2007. 16). One year later, it made it to the top 70 and since then it has managed to keep a top 70 position. Out of these six reports, Romania managed to obtain its best result in 2011, when it ranked 63rd out of 139 countries, with a score of 4.17 (TTCI 2011). The most significant leap in the ranking of Romania occurred between 2007 and 2008, while the most significant drop happened from 2011 to 2013, when the country lost five positions (TTCI 2013). Regarding the obtained scores, the country got the lowest score in the latest survey (3.78), while the highest score (4.17) was registered in 2011.

In the latest report, Romania managed to overtake only one country from the Central and Eastern European region, namely Albania which finished in the 106th place. All the other countries from the region managed to take higher positions in the ranking. The results highlight significant differences inside the region. Besides Albania and Romania, three other countries from the region did not manage to reach a top 50 place in the ranking, namely Slovakia (61), Lithuania (59), and Latvia

Table 1. Ranking of Romania in the Travel and Tourism Competitiveness Report between 2007 and 2015

TTCI report year	RO place	RO score	No. of countries
2007	76	3.91	124
2008	69	3.88	130
2009	66	4.04	133
2011	63	4.17	139
2013	68	4.04	140
2015	66	3.78	141

Source: author's own design based on TTCI reports

(53). Three countries ranked between 40 and 50: Bulgaria (49), Poland (47) and Hungary (41), while the remaining four nations from the region managed to rank among the top 40 countries: Slovenia (39), Estonia (38), the Czech Republic (37), and Croatia (33).

The first edition of the Good Country Index report was published in 2014 and because of the different research approach, the ranking showed significantly different results. The top 10 countries were the following (GoodCountry 2016c): 1. Ireland, 2. Finland, 3. Switzerland, 4. The Netherlands, 5. New Zealand, 6. Sweden, 7. United Kingdom, 8. Norway, 9. Denmark, and 10. Belgium. The second and latest edition so far produced several changes, with four new countries in the top 10 positions (GoodCountry 2016c): 1. Sweden (6), 2. Denmark (9), 3. The Netherlands (4), 4. United Kingdom (7), 5. Switzerland (3), 6. Germany (13), 7. Finland (2), 8. France (11), 9. Austria (14), and 10. Canada (12). The GCI ranking shows the most prominent dominance of European countries, Canada being the only non-European country in the top 10 list.

Romania reached a middle position in the first survey, finishing in the 65th place out of 125 analysed countries. Compared to this result, in 2015 the country witnessed significant improvement and took the 36th place. The detailed results highlight the dimensions where Romania achieved higher scores compared to the majority of the countries investigated in the survey, like Culture (27th place), Planet and Climate (28th place), and International Peace and Security (29th place). The dimensions where the country needs to improve in the future are the

ones related to Science and Technology (51st place), Health and Wellbeing (80th place), and Prosperity and Equality (138th place).

The 2015 GCI report examines all the eleven nations from the Central and Eastern European region. Just like with the Travel and Tourism Competitiveness report, Albania is the region's outsider country. With the exception of Albania (109th place), all the other countries from the region rank among the first 50 nations. Romania (36th place) overtakes Lithuania (45th place), Latvia (41st place), Croatia (40th place) and Estonia (38th place) and finishes just one position before Slovakia (37th place). The Czech Republic ranks 35th and four countries from the region take a place in the top 30 countries: Bulgaria (29th place), Slovenia (28th place), Poland (25th place), and Hungary (24th place).

Table 2. Country brand indexes and Romania's position

Index	**Anholt-GfK Roper Nation Brand Index**	**FutureBrand Country Brand Index**	**Travel and Tourism Competitiveness Index**	**Good Country Index**
Author	Simon Anholt	FutureBrand Agency	World Economic Forum	Simon Anholt and Frank Govers
Method and source of data	Survey conducted among 20,000 people from 20 core panel countries	Statistical data and survey conducted among 2500 opinion formers from 17 panel countries	Statistical data from international organisations and results from the global public opinion poll	Statistical data from international organisations corrected for the economic size of the country
Dimensions	Governance, People, Culture & Heritage, Investment & Immigration, Tourism, Exports	Value System, Quality of Life, Business Potential, Heritage & Culture, Tourism, Made in	Enabling Environment, T&T Policy and Enabling Conditions, Infrastructure, Natural and Cultural Resources	Science & Technology, Culture, International Peace & Security, World Order, Planet & Climate, Prosperity & Equality, Health & Wellbeing
First published	2005	2005	2007	2014
Total of countries[2]	50	75	141	163
RO Position[3]	37 (2009)	62 (2014)	66 (2015)	36 (2015)

Source: author's own design

Table 2 summarises the country brand indexes presented in the current study, emphasising the authors behind the models, the source of the rankings, the dimensions that are taken into consideration, the year of publication, the number of countries being examined in the latest available report, as well as Romania's position in the latest rankings.

Conclusions and final thoughts

The current study has presented the most important country brand indexes and examined Romania's position in these rankings, comparing the results to its previous performances and to its direct competitors from the Central and Eastern European region. Country brand indexes are considered important measurement tools that can provide valuable information to governments and branding consultants about the effectiveness of their place branding activities. These indexes offer comparable data, so brand managers can get an idea about how well the country manages to keep up with the competition.

As presented in this paper, the source information and the research methodology differ from one index to another, so it is hard to compare them, even if there are some similarities in the dimensions taken into consideration when defining the final rankings. All four indexes examine the cultural resources of the countries, with tourism being another key factor for country brands as well as the products and services that are exported. The Anholt-GfK and the FutureBrand indexes emphasise the importance of exported goods and services. The major differences are related to the source of information. The Anholt-GfK report considers the opinion of 20 000 people from selected panel countries in order to define the list of most valuable country brands. The FutureBrand index and the Travel & Tourism Competitiveness report base their ranking on statistical data and on public opinion surveys. The Good Country Index uses only statistical data provided by international organisations.

Romania outperforms 78% of the investigated nations in the Good Country Index. The report considers that the country contributes effectively to the common good of humanity relative to its economic

size. The latest Travel & Tourism Competitiveness Report shows that Romania overtakes 53% of the analysed countries. Based on the results of this report, the country has an above-average tourist potential but some areas, like business environment and infrastructure, need to be improved in order to benefit from this potential. In the latest FutureBrand report, Romania ranks at the bottom of the list, outperforming only 17% of its competitors. The FutureBrand result and the fact that since 2009 the country has not been included among the 50 nations selected for the Anholt-GfK report suggest that Romania is still struggling to build a competitive country image. Earlier initiatives failed or became involved in a scandal, so not only did they not reach the expected effect, but they have negatively influenced the evaluation of the country and its image (Kádár 2013. 20).

Based on earlier nation branding experiences partly supported by place branding literature, a list of recommendations is available, considering the aspects brand managers and government institutions should pay attention to before starting branding activities in order to achieve the expected results.

Long-term thinking: Regarding nation branding, it is important to underline that successful branding is always the result of a well-planned, elaborated and efficiently implemented strategy (Dinnie 2016). It is very important for the leaders of the countries to recognize that brand building or successful brand repositioning is always the result of a conscious and long-term process. Activities, like designing a new logo or launching a new promotional campaign, are important pieces of the whole process, but without a well-planned strategy, these activities fail to build a stable country brand.

Leaving political interests behind: In developing and politically less stable countries, a common problem is that branding initiatives cannot ignore political interests. Therefore, it often happens that developing tendencies specified by previous governments are completely changed by the current government, so the process has to start again from the beginning. In the long run, this hinders the building of a stable and consolidated nation brand.

Responsible branding: In the process of place branding, the country' s citizens, not governments will be the brand owners. It is the governments' mission to initiate the process and to provide the necessary resources for place branding activities. As opposed to classical branding processes, place branding involves a higher responsibility because, in most of the cases, the taxes paid by citizens represent the main resources for these activities.

Repositioning of the spontaneous image: It is important for governments to recognize that their own country already has an image, independently of whether the government has previously tried to build an image or not. A country's image is often created based on some stereotypes and not on personal experiences. This influences the image of the country, of its citizens, or of its products. Earlier research (Russel–Russel 2010) has emphasised that one of the biggest challenges for the emerging countries that try to position themselves on international markets is to overcome these prejudices. Because of this spontaneous image, the place branding process focuses on the rebranding of a certain place.

More than destination branding: For the majority of political leaders, place branding represents the activity through which a certain place tries to promote its image in the most effective manner in order to generate more visitors. Place branding literature calls this process destination branding. Political leaders should never forget that the place branding process is addressed to a wider target group. Branding literature suggests that there are at least six major target groups: 1. inhabitants, 2. public institutions, 3. the media, 4. tourists, 5. investors, and 6. non-governmental organisations (Kádár 2014. 63). In the process of place branding, it is vital to analyse what citizens think about their place, how comfortable they find the living conditions offered by that place and how proud they are of their place, country, and nation. All these are just as important as attracting external capital or potential tourists.

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Book review: Financial Literacy (Panacea or placebo? – A Central European Perspective)[1]

AMALIA FUGARU[2]

Subprime mortgages, credit crunch, contagion, mortgage-based securities or credit default swaps were words on every economist's lips in the aftermath of the crisis in 1933. Does anyone mention them anymore today?

On March 12, 1933 the then President of the United States of America addressed the American public during a radio broadcast in order to restore confidence in the banking system. This came after a four-day holiday, during which the Congress had passed new legislation to aid the dwindling financial sector hit by a fourth wave of banking panics. This can be considered one of the first financial education efforts for the public at large. It did work as there were no bank runs when banks reopened after the bank holiday.

It does not make sense to expect economists and the public to remember the crisis and its characteristics, argue Levente Kovács and Elemér Terták in their book *Financial Literacy (Panacea or placebo? – A Central European Perspective)*. In fact, they state that financial education is conditioned by three elements: (i) the country-specific culture relative to the preference for bank- or market-based financing, (ii) the level of economic development and the financial intermediary system, and (iii) the temporal aspect of the difference in financial knowledge over decades.

The study authored by the European Commission Advisor Elemér Terták and the Miskolc University Professor Levente Kovács tries to define financial literacy and then to support this definition with some

[1] Kovács, L. Terták, E. 2016. *Financial Literacy (Panacea or placebo? – A Central European Perspective)*. Bratislava: Verlag Dashöfer, ISBN: 978-80-8178-016-5, pp. 112.

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practical examples, mainly from Hungary. They are interested in studying the efficiency of financial education. One of the ideas they are underlining is that "literature sheds little objective light on the behavioural impact of financial education" (p. 13).

The authors argue, by using the evidence of eight types of researches on financial literacy conducted in Hungary and of one OECD study, that – in spite of the abundance of materials available for financial education – financial literacy levels in Europe are below those of previous generations, and they see a real need for parents and teachers to have access to both financial education tools and training and for personal finance to be part of the school curriculum because it is a "survival skill".

One might argue that the scope of the paper announced in the title is not supported by much information from other Central European countries with the exception of Hungary. However, the points they make about the importance of financial education for adults are supported with evidence pertaining to the experience of several countries in the world and of some countries from Central and Eastern Europe.

The study touches on the reputation of the banking sector from a historical and moral point of view, while the role of the financial sector in the economy reflects more of an academic view. Both narratives are unrewarding for underpinning the main points formulated by the authors.

Nevertheless, the study comes up with ample evidence in the context of real-life situations – mainly from Hungary – whereby the importance of financial education might make a difference, without forgetting the authors' initial disclaimer that financial illiteracy cannot be the source of a crisis, but it can worsen it.