

## INDICATORS

**Boier Rodica**

*Tehnical University "Gh. Asachi" of Iași Economics and Marketing Chair 53 D. Mangeron Blvd., 700050 Iași  
Inovare\_Marketing@tex.tuiasi.ro Tel/Fax: 0232.239.154 Mobile: 0744.514.441; 0728.332.996*

*Enhancing the agility of the response to market demands is one of the most desirable qualities for the management of today's enterprise, which is facing an unstable environment, with abrupt, frequent and unpredictable changes. The paper proposes a model of the consumer behavior factors involved in market monitoring, in order to secure rapid responses: brand image, buyer risk, the customers' attitude toward the product, the buying intentions and the post-purchase satisfaction. The correlation type is described and the measurement method is proposed for each of these factors.*

*Key words: agile enterprise, customer value, marketing research, brand image, customer preferences, buyer risk, customer attitude, buying intentions, post-purchase satisfaction*

*The article's JEL code: M*

**1. Conceptual framework****1.1. The agile enterprise**

During the times of rapid technological changes, extensive globalization and intensive competition, but especially during the current financial and economic crisis, perhaps the most critical concern is finding solutions for the quick, flexible and consistent adaptation of the enterprise to a business environment marked by frequent, abrupt, extensive and unexpected opportunities, events, and challenges, leading into unpredictable directions. Enhancing the *enterprise agility*<sup>327</sup> – as sum of flexibility, visibility and consumer responsiveness –, is pursued constantly and in all its components. The enterprise's marketing agility is particularly important as it highlights its ability to manage and even generate change, which is viewed as an opportunity. Thus, the agile enterprise basically relay on marketing and innovation, an iterative and incremental development, which means to continually explore new opportunities and exploiting the marketplace with new solutions.

The agile enterprise relies on its ability to rapidly evaluate feedback, and also new information, followed by taking decisions almost in real time. The agile organization of the enterprise effectively means that it operates according to the "just-in-time" principle. For this purpose, the enterprise constantly builds and upgrades its IT architecture so that it is able at any moment to handle the complex data flows that must be retrieved, processed, analyzed and interpreted to ensure rapid, effective and efficient decision-making.

There is a further point to note here: agility must not be understood as navigation without a compass, as just a series of responses to the opportunities and/or threats in the environment, but rather as the complex process of assessment, planning and monitoring the enterprise's resources and capabilities<sup>328</sup> that deliver *customer value*, to a higher level than the competition, and therefore guarantee sustainable competitive advantage and stability on the market.

**1.2. Customer value – a benchmark guiding the agile enterprise's market responses**

The concept of „*customer value*” assesses the benefits obtained through the consumption of the product (utility of the offering for the customer), on the one hand, with the costs incurred in order to acquire and consume/use it (customer costs), on the other hand. The cornerstone in understanding the chances of the enterprise to generate the success of its offer on the market is the value that it is able to propose to the client. Value is created by meeting a customer need, solving a problem, helping him to achieve a goal, in a word, by delivering a certain benefit to the customer.

$$\text{Customer value} = \text{Customer utility} - \text{Customer costs}$$

*The product's utility for the customer* derives from the benefits of the proposed products in relation to the intensity of the customer's needs. This will result into what the customer estimates to be the fair price for the functional and emotional benefits provided by consuming / using the product. For example, the utility of a textile clothing product may derive from the possibility to modulate its components in order to extend the occasions of use or to match it with necessary accessories to keep up to date with fashion trends. Utility may also stem from the feelings of pride, satisfaction and self-confidence that the product generates in the owner.

*The product's cost for the customer* consists in the total expenses involved, which the customer expects to incur in order to enjoy the stated benefits. They include, in addition to the actual purchasing price for the product, a whole

327 Nirmal Pal, Daniel Pantaleo (Eds.) (2005), *The Agile Enterprise: Reinventing your Organization for Success in an On-Demand World*, Springer, Berlin; Ori Brafman, Rod A. Beckstrom (2006), *The Starfish And The Spider: The Unstoppable Power of Leaderless Organizations*, Penguin Books, London.

328 Cohn, Micheal (2005), *Agile Estimating and Planning*, Prentice Hall PTR, New York; Krebs, Jochen (2008), *Agile Portfolio Management*, Microsoft Press.

series of other potential expenses related to transport, installation, operation, insurance, storage, maintenance, servicing, dismantling, disposal, etc., in addition to possible waste of time, frustration, anxiety, and others. For example, to the perceived cost of purchasing a textile clothing product, the customer will add expenses for potential waist adjustments or for purchasing matching accessories, etc. Some costs may be anticipated by the buyer/user, yet others are not generally expected or desired (wasted time, stress, etc).

It emerges therefore that the agile enterprise will seek to respond rapidly and gain competitive market advantage either by delivering superior benefits to those proposed by competitive products or by providing comparable benefits at a lower cost for the customer. In either of the two types of response, the enterprise's effort will focus on delivering on the market the type of product that will provide target consumers with a level of value that they will perceive as being *superior to the competition's offer*<sup>329</sup>.

The agile enterprise creates value when it rapidly transforms the various inputs into commercially viable products. All along this complex course, marketing is involved in:

1. *designing value* – identifying the market opportunities and configuring the product in such a way as it is compatible with the needs, desires, and preferences of target customers and provides sustainable competitive advantages, in brief, being attractive for the market;
2. *communicating value* – the science and art of informing the market about all the aspects of the proposed offering, so as to aid the customers in making the most favorable buying decision;
3. *delivering value* – that is the whole system of distribution activities, through which the consumer accesses the product/service in the most convenient way.

Highlighting the indicator „customer value” involves market measurements related to the *customers' perception of the level of value* – data generated through marketing research – and comparisons with the equivalent values of competitive offers (*benchmarking*).

## 2. Indicators of consumer behavior surveyed

The indicators proposed to be tracked in order to identify the solutions to enhance the organization's agility will be (Table 1):

- brand image (I1),
- the customers' perceived risk (I2),
- the customer's attitude towards the proposed product (I3),
- the buying intentions (I4), and
- the level of post-purchase satisfaction (I5).

Marketing research will provide such information.

Tab. 1. *Consumer behavior indicators monitored to enhance the organization's agility*

| Indicator                                   | Explanation  | Type of influence   | Measuring method   |
|---|--|---|--|
| [I1]<br>Brand image                         | The enterprise gains agility when it is able to rapidly create a strong favorable perception of its brand/brands among customers.                                  | Direct correlation: enhanced agility due to better product/brand image.   | - quantitative research<br>- numerical evaluation scales |
| [I2]<br>Buyer perceived risk                | The enterprise acquires agility when it is able to rapidly create a strong favorable perception of the limited buyer risk involved by the proposed product/brand.  | Indirect correlation: enhanced agility due to the more favorable perception of a lower risk involved in buying the company's products/brands (consumer protection against the purchasing risk). | - quantitative research<br>- verbal evaluation scales    |
| [I3]<br>Attitudes towards the product/brand | The enterprise gains agility when it is able to rapidly create a favorable attitude towards its offering and its approach to the market, etc. among its customers. | Direct correlation: higher agility due to a more positive attitude towards the company's product/service.   | - quantitative research<br>- attitude scales             |
| [I4]<br>Buying intentions                   | The enterprise gains agility when it is able to create a more defined buying intention among its customers.  | Direct correlation: enhanced agility due to a more favorable rating of the intention to buy the enterprise's products/brands.   | - quantitative research<br>- numerical evaluation scales |
| [I5]  | The enterprise gains agility when  | Direct correlation: enhanced  | - quantitative   |

329 William C. Johnson, Art Weinstein (2004), *Superior Customer Value in the New Economy: Concepts and Cases*, 2nd Edition, CRC, Danvers, MA; Peter Duchessi (2004), *Crafting Customer Value: The Art and Science*, Purdue University Press, Ashland, OH.

|                                   |   |   |  |
|-----------------------------------|---|---|--|
| <b>Post-purchase satisfaction</b> | it is able to rapidly create a higher level of customer satisfaction. | agility due to a higher post-purchase satisfaction. | research - numerical evaluation scales |
|-----------------------------------|---|---|--|

**2.1. The customers' perception toward the brand (brand image) – Indicator [I1]**

The overall vision or position of brand in the mind of the consumer defines the *brand image*<sup>330</sup>. The enterprise gains agility when it manages to rapidly create a strong and favorable perception towards its brand/brands among customers. In order to link the brand image more expressively to the company's agility, the "consumer brand preference" will be suggested for monitoring. The indicator will be tracked both in relation to the enterprise's own brand and to those of its competitors.

|   |                          |
|---|--------------------------|
| Please mark on the scale below the level of your preference for the brand ..... |                          |
| My preference is minimal  | My preference is maximal |
| -5... -4 ... -3 ... -2 ... -1 ... 0 ... +1 ... +2 ... +3 ... +4 ... +5          |                          |

Fig. 1. *Measuring customer preferences toward product category / brand*

In terms of influence, there is a direct relation, i.e. enhanced agility due to a more positive image for both product category and brand. Measuring method: in general, quantitative research – market survey based on a sample of consumers and a questionnaire with a numerical scale for preference evaluation; the method of administering the questionnaire will be selected on a case-by-case basis. Figure 1 presents the potential configuration of the survey sequence.

**2.2. The customers' perception of purchasing risk – Indicator [I2]**

*Perceived risk* means the uncertainty that consumers face when they cannot foresee the consequences of their purchase decisions<sup>331</sup>. The enterprise gains agility when it is able to rapidly create a strong and favorable perception of the limited buyer risk carried by the proposed product/brand.

|   |                                       |
|---|---------------------------------------|
| Please mark on the scale below the corresponding level of your view of the risk involved in using the brand ..... |                                       |
| I believe that the risk is the highest  | I believe that the risk is the lowest |
| -5... -4 ... -3 ... -2 ... -1 ... 0 ... +1 ... +2 ... +3 ... +4 ... +5  |                                       |

Fig. 2. *Measuring customers' perceived risk*

The type of influence is an indirect correlation, i.e. enhanced agility due to a more favorable perception of a lower buyer risk in purchasing the enterprise's products/brands (consumer safeguard against the purchasing risk). The measuring method will be, in general, a quantitative research – market survey using a sample of consumers and a questionnaire with a numerical scale of evaluation; method of administering the questionnaire – it is selected on a case-by-case basis. Figure 2 presents the potential configuration of the survey sequence.

**2.3. The customers' attitude towards the enterprise's offering – Indicator [I3]**

Attitudes are learned predispositions to respond to an object or class of objects in a consistently favorable or unfavorable way, which can be used to predict consumer behavior<sup>332</sup>. The enterprise gains agility when it is able to rapidly create a favorable attitude towards its overall offering or just a specific product/brand.

|   |                          |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| For my own needs and preferences I find the product ....., brand ..... to be: |                          |                          |                          |                          |
| <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Totally useless   | Useless                  | Neither /nor             | Useful                   | Very useful              |

Fig. 3. *Measuring customers' attitude towards the utility of product ... / brand ...*

The type of influence is a direct correlation, i.e. increased agility owing to a more positive attitude towards the enterprise's offering. The measuring method will be, most likely, a quantitative research – market survey using a sample and a scale questionnaire to evaluate attitudes; the method of administering the questionnaire is to be selected on a case-by-case basis. Figure 3 presents a potential formulation of the corresponding survey sequence.

**2.4. Buying intentions – Indicator [I4]**

Intention is the behavioral component of attitude, and it describes attitudes not toward a brand, but toward brand purchase<sup>333</sup>. This way, it is a far better predictor of behavior than either beliefs or affective responses. The enterprise gains agility when it is able to rapidly generate more definite buying intentions among its customers.

330 Jay Lindquist, Joe Sirgy (2005), *Shopper, Buyer, and Consumer Behavior*, 3rd Edition, Atomic Dog Publishing, Mason, Ohio.

331 Leon Schiffman, Leslie Kanuk (2006), *Consumer Behavior*, 9th Edition, Prentice Hall.

332 Banwari Mittal (2008), *Consumer Behavior: How Humans Think, Feel and Act in the Marketplace*, Open Mentis, Cincinnati, OH.

|   |                               |                          |                           |                             |
|---|-------------------------------|--------------------------|---------------------------|-----------------------------|
| <i>If product ..... were available on the market, for the price ..... :</i> |                               |                          |                           |                             |
| <input type="checkbox"/>  | <input type="checkbox"/>      | <input type="checkbox"/> | <input type="checkbox"/>  | <input type="checkbox"/>    |
| I will definitely<br>not buy it   | I will probably<br>not buy it | Neither/nor              | I will probably<br>buy it | I will definitely<br>buy it |

Fig. 4. *Measuring buying intention for product ..... brand .....*

The type of influence is a direct correlation, i.e. enhanced agility due to a better rating of the intention to buy the enterprise’s products/brands. The measuring method will be, in general, a quantitative research – market survey using a sample of consumers and a questionnaire with a evaluation scale for buying intentions; the method of administering the questionnaire is to be selected on a case-by-case basis. Figure 4 suggests a potential design of the corresponding survey sequence.

**2.5. Post-purchase satisfaction – Indicator [15]**

Positive evaluation after purchase leads to *satisfaction*, while negative evaluation after purchase leads to *dissatisfaction*<sup>334</sup>. The enterprise gains agility when it is able to rapidly deliver higher customer satisfaction. The type of influence is a direct correlation , i.e. enhanced agility due to the increased level of post-purchase satisfaction. The measuring method will be a quantitative research – market survey using a sample of consumers and a Likert-scale question; the method of administering the questionnaire is to be selected on a case-by-case basis. Figure 5 suggests the potential questionnaire sequence.

|   |                          |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| <i>Following consumption (use), are you satisfied with product .....</i><br>[using the scale below, please rate your agreement / disagreement with the statement above] |                          |                          |                          |                          |
| <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I absolutely disagree   | I disagree               | Neither / nor            | I agree                  | I absolutely agree       |

Fig. 5. *Measuring customer satisfaction for product ..... brand .....*

The proposed model of consumer behavior indicators involved in managing the enterprise agility will be validate by further investigations.

**References**

1. Cohn, Micheal (2005), Agile Estimating and Planning, Prentice Hall PTR, New York; Krebs, Jochen (2008), Agile Portfolio Management, Microsoft Press.
2. Johnson, William C., Art Weinstein (2004), Superior Customer Value in the New Economy: Concepts and Cases, 2nd Edition, CRC, Danvers, MA; Peter Duchessi (2004), Crafting Customer Value: The Art and Science, Purdue University Press, Ashland, OH.
3. Lindquist, Jay, Joe Sirgy (2005), Shopper, Buyer, and Consumer Behavior, 3rd Edition, Atomic Dog Publishing, Mason, Ohio.
4. Mittal, Banwari (2008), Consumer Behavior: How Humans Think, Feel and Act in the Marketplace, Open Mentis, Cincinnati, OH.
5. Pal, Nirmal, Daniel Pantaleo (Eds.) (2005), The Agile Enterprise: Reinventing your Organization for Success in an On-Demand World, Springer, Berlin; Ori Brafman, Rod A. Beckstrom (2006), The Starfish And The Spider: The Unstoppable Power of Leaderless Organizations, Penguin Books, London.
6. Schiffman, Leon, Leslie Kanuk (2006), Consumer Behavior, 9th Edition, Prentice Hall.
7. Solomon, Michael (2008), Consumer Behavior, 8th Edition, Prentice Hall, Upper Saddle River, New Jersey.

333 Michael Solomon (2008), Consumer Behavior, 8th Edition, Prentice Hall, Upper Saddle River, New Jersey.

334 Wayne D. Hoyer, Deborah J. MacInnis (2006), Consumer Behavior, 4th Edition, South-Western College Pub., Boston, Massachusetts.