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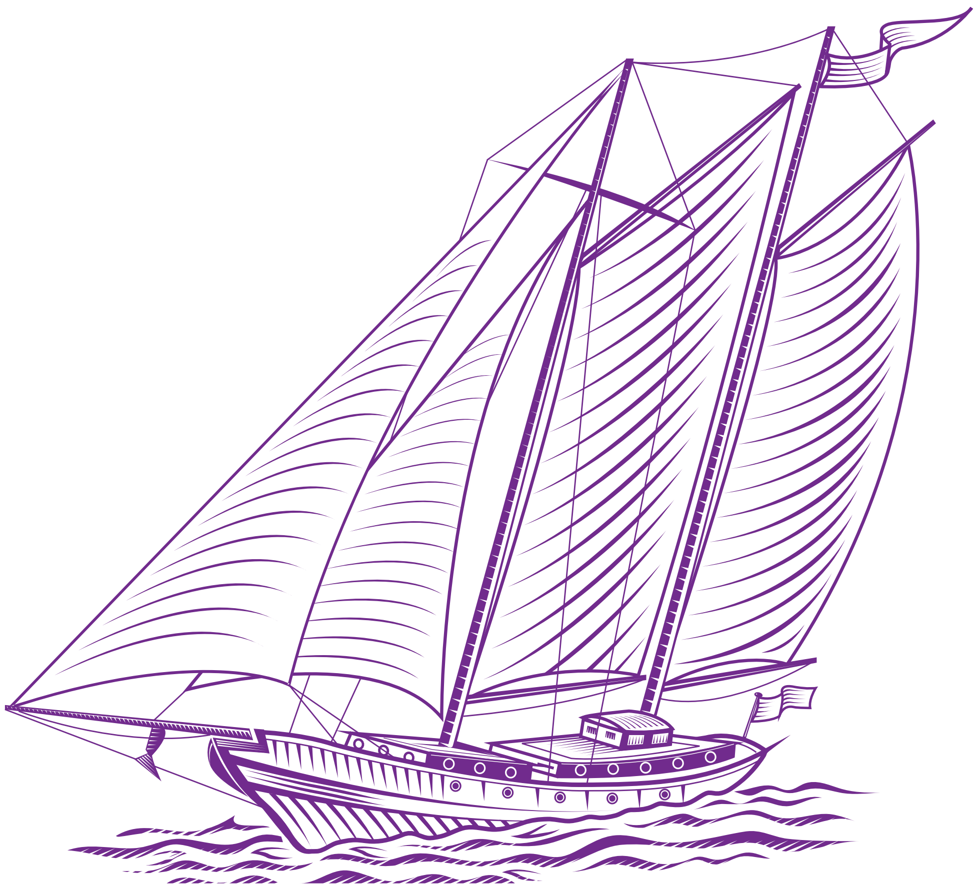

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Faculty of Business, Babes-Bolyai University, Cluj-Napoca, Romania

Monica-Maria Coros
Department of Hospitality Services,
Faculty of Business, Babes-Bolyai University, Cluj-Napoca, Romania

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STUDIA UBB EDITORIAL OFFICE: B.P. Hasdeu no. 51, 400371 Cluj-Napoca, Romania, Phone + 40 264 405300*6452; office@studia.ubbcluj.ro

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STUDIA UBB NEGOTIA, LXVI, 4, 2021, pp. 7-18
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THE EFFECTS OF COVID-19 ON OIL-PRODUCING ECONOMIES: A CONSIDERATION OF NIGERIAN AND SAUDI ARABIAN VAT INCREASES

ABDULAZIZ AHMADANI[1], SUSANNA LEVINA MIDDELBERG[2], MERWE OBERHOLZER[3], PIETER BUYS[4]

ABSTRACT. The COVID-19 pandemic is a multi-faceted crisis with global impact. Its impact on many economies, including those dependant on oil producing and exporting, may compel such governments to make far-reaching policy decisions. In this context, we briefly consider the economic considerations on two major global oil producers, Nigeria and Saudi Arabia, as they also struggle to come to grips with their own broader economic reforms – announced before and during the pandemic. Specifically, under consideration is the increase in both countries' VAT rates at (perhaps) inopportune times. We argue that the burden of the VAT increase on businesses fighting for survival amidst outfall of the COVID-19 crisis will be counter-productive in attaining economic reform objectives.

Key terms: COVID-19 economic impact, oil dependence, Nigeria, Saudi Arabia, value added tax

JEL Classification Codes: G01, H21, H61

[1] PhD student, North-West University, Potchefstroom, South Africa;
e-mail: azizksa2012@hotmail.com
[2] Professor, North-West University, Potchefstroom, South Africa;
e-mail: sanlie.middelberg@nwu.ac.za
[3] Professor, North-West University, Potchefstroom, South Africa;
e-mail: merwe.oberholzer@nwu.ac.za
[4] Corresponding author, Professor, North-West University, Potchefstroom, South Africa;
e-mail: pieter.buys@nwu.ac.za

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Introduction

Labelled as a black swan event and likened to the economic scene of World War II, the 2020 COVID-19 pandemic has had a detrimental effect on global healthcare systems with a ripple effect on many aspects of society (Nicola et al. 2020). The SARS-Cov-2 virus was initially identified in the Chinese city of Wuhan (in the Hubei province) during December 2019 and spread rapidly across the world (McKibbin & Fernando 2020). On 30 January 2020, the World Health Organization (WHO) declared COVID-19 a public health emergency of international concern and six weeks later the outbreak was classified as a pandemic (Yezli & Khan 2020). Policy-makers in many countries were under pressure to respond to the coronavirus outbreak. As a result, many governments made quick policy decisions that had far-reaching effects on their respective economies, with many countries plunged into a recession (Ozili & Arun 2020). The resultant economic impact thereof is being felt across multiple sectors and countries (Fernandes 2020), with oil-dependent countries also severely impacted by a resultant significant drop in the oil price (Baldwin & Weder di Mauro 2020; Smith 2020). Two such oil-dependent countries are Nigeria and the Kingdom of Saudi Arabia (hereafter Saudi Arabia).

Nigeria, a country located on the vulnerable African continent, recorded its first COVID-19 case on the 27th February 2020 (Farayibi & Asongu 2020). Prior to the COVID-19 pandemic, Nigeria was already facing a significant shrinkage of its fiscal space as the government relies disproportionately on the oil sector for its revenue (Ejiogu, et al. 2020), with oil and gas revenue accounting for more than 60% of the country's gross domestic product (GDP) growth (Idris & Oruonye 2020). Similar to many resource-dependent countries, Nigeria faced the brunt of the fluctuations in the price of crude oil – which accounts for about 70% of its GDP and 65% of total government revenue (Farayibi & Asongu 2020).

Findings revealed that the pandemic had a twin shock effect on the Nigerian oil-dependent economy, namely global and domestic economic shocks as well as subsequent oil price shocks – affecting the economy through the supply, demand and financial channels (Farayibi & Asongu 2020). Furthermore, Nigeria is projected to account for 30% of the world's poor by 2030 without taking the impact of COVID-19 into account (Ejiogu et al. 2020). In response to COVID-19, the Nigerian government introduced an amendment to the 2020 budget in May 2020 aimed at re-prioritizing expenditure to ensure that funds are directed to areas in most need. Although the value added tax (VAT) rate in Nigeria is 7.5% (raised from 5% on February 2020), the COVID-19 Intervention Fund represents 4.7% of total expenditure in the amended budget which provided a 'modest' stimulus to the economy (Ejiogu et al. 2020).

Saudi Arabia is a country located in the Middle East and is also considered an oil-reliant economy (Nurunnabi 2017; Faudot 2019; Moshashai et al. 2020). Oil contributes more than 90% of its export earnings and 42% of its GDP (Violi 2017). With the aim of diversifying the economy, Deputy Crown Prince Mohammed bin Salman Al Saud announced a reform plan (Saudi Vision 2030) together with a detailed National Transformation Plan (NTP) during April 2016 (Thompson 2017; Saudi Vision 2030 2018; Faudot 2019). The aim hereof is the creation of high value-added industries, specifically in the context of a robust private sector, to counter Saudi Arabia's economic dependence on oil (Faudot 2019; Rostan & Rostan 2020). The first case of COVID-19 was reported in Saudi Arabia on March 2nd, 2020 (Algaissi et al. 2020; Yezli & Khan 2020), resulting in a number of extreme restrictions on social and religious gatherings, social movement, businesses and travel in an attempt to curb the spread of the virus (Algaissi et al. 2020). Notwithstanding, according to Rostan & Rostan (2020), the COVID-19 pandemic has 'brutally hurt' Saudi Arabia's economy due to the collapse in the global oil demand, combined with an oversupply of the commodity. Saudi Arabia announced a slew of austerity measures to cope with the fiscal impact of the pandemic and oil price collapse (AMEinfo 2020; Gulf Business 2020), including a significant raising of the VAT rate.

The advent of COVID-19 has arguably caused the biggest demand shock for crude oil in its history – below USD 30 per barrel – as of a considerable decline in the transportation activities due to travel restrictions and lockdown, measures have adversely decreased the oil demand. Hence oil-exporting nations such as Nigeria and Saudi Arabia recorded huge losses (Ejiogu et al. 2020). As such, oil revenue and aggregate output growth rate in those countries are expected to shrink in the fiscal year 2020 due to oil slump (Idris & Oruonye 2020).

Research note objective and layout

In this research note, we reflect on the effect of COVID-19 on the Nigerian and Saudi Arabian economies, both being major oil producers that are to a large extent oil-dependent economies, considering the economic reforms announced before and amidst the pandemic. The rest of the paper is structured as follows: the next section discusses the oil price shock followed by economic situation pre and during COVD-19 in Nigeria and Saudi Arabia, in the end a concluding discussion.

Oil price shock

Early in 2020, the oil price fell due to the price war between Russia and Saudi Arabia (Ozili & Arun 2020). During a meeting of the Organisation of Petroleum Exporting Countries (OPEC) in Vienna on 6 March 2020, a refusal by Russia to reduce its oil production triggered Saudi Arabia to retaliate with extraordinary discounts to buyers and a threat to pump more crude (Nicola et al. 2020), resulting in Saudi Arabia increasing its March 2020 oil provisions by 25% over February 2020, and taking its oil production to unprecedented levels, causing the steepest one-day price crash seen in nearly 30 years. On March 23rd, 2020, the price of Brent crude oil dropped by 24% from $34 per barrel to $25.70 per barrel, negatively affecting most other oil dependant economies (Nicola et al. 2020) (see Figure 1). When Saudi Arabia later supplied excess oil to the world, the market was flooded with too much oil, exceeding demand during the COVID-19 pandemic, and subsequently keeping the oil price very low (Ozili & Arun 2020). The oil prices will likely remain under pressure as long as OPEC and Russia are locked in a price war, which may cause prices to rise at a (less than ideal) pace in the future, and lower oil demand and stalling potential investments. All these will have lasting economic consequences for commodity exporters.

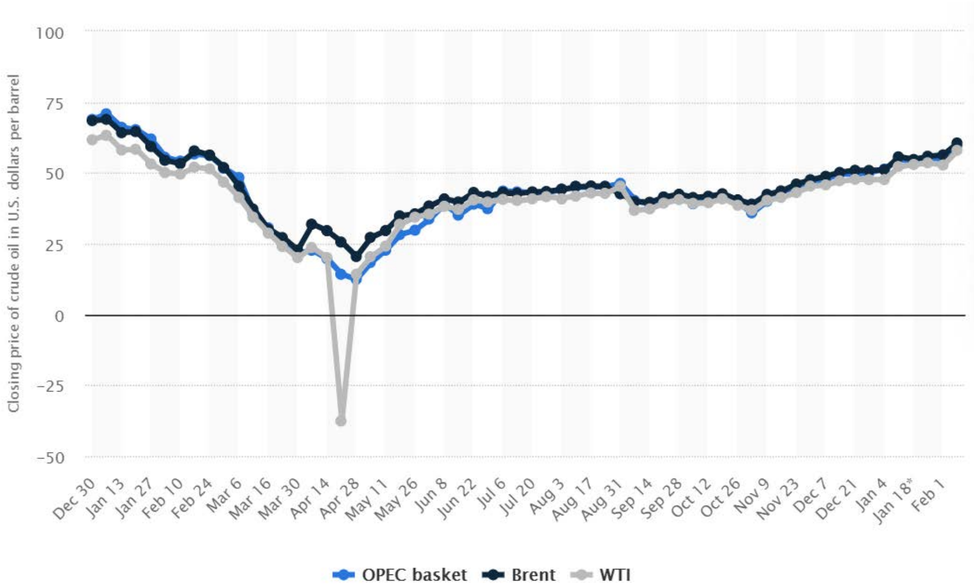

Figure 1. Crude oil price trends (USD per barrel)
Source (Statista)

The COVID-19 pandemic worsened the situation through the reduction in the demand for oil (Ozili & Arun 2020). As illustrated above, the oil price has plummeted since the start of the pandemic in January 2020 and intensified across most of Europe and North America. Additionally, the COVID-19 pandemic meant slower manufacturing and less travel, which contributed to lower oil prices. This is further demonstrated by the absence of an agreement between Saudi Arabia and Russia, who have different budgetary needs, fiscal deficits and market outlooks. While Saudi Arabia hopes to keep oil prices high, Russia is seeking a larger share of global oil markets, hence the price war (Kingsly & Henri 2020).

Although a worldwide slowdown in COVID-19 related illnesses and deaths have caused some stabilisation of oil prices, there is still much uncertainty (Nicola et al. 2020). The good news, however, is that a recovery in manufacturing activity should increase demand for oil over the medium term (Kingsly & Henri 2020).

Nigerian economic considerations

Prior to the COVID-19 pandemic, Nigeria was already facing significant shrinkage of its fiscal space (Ejiogu et al. 2020). Like many resource-dependent developing countries, Nigeria has faced the brunt of the fluctuations in the price of crude oil (Farayibi & Asongu 2020). In addition to the fact that Nigeria depends so much on foreign sources of financing of its current deficits (Idris & Oruonye 2020).

During the pandemic, Nigeria was severely affected because of it being an *import-dependent* economy – primarily from China. Since much local and international travels were suspended, sustained reduction in the demand for automotive and aviation fuel was experienced (Ozili & Arun 2020). This pandemic proved as a critical economic shock for Nigerians on all macroeconomic indicators as it introduced a barrier between the market forces and stakeholders – possibly resulting in an extended financial crisis for the country (Idris & Oruonye 2020).

Ozili and Arun (2020) summarises (on going) economic effects witnessed during COVID-19 on Nigeria as:

- The pandemic affected borrowers' capacity to service loans, which subsequently affected Nigerian banks.
- Oil demand shocks which was reflected in the sharp decline in oil price.
- Supply chain shocks as many Nigerian importers shut down their factories and closed their borders particularly to China.
- Stock market plunged when investors pulled out their investments – market investors lost over NGN2.3 trillion (US$5.9bn).

Saudi Arabian economic considerations

Saudi Arabia is considered the world's most 'oil-rich' country, owning about 16% of the global proven petroleum reserves, and is the largest exporter of petroleum (Nurunnabi 2017). The country is also a key role player in the OPEC (Stenslie 2018). Low oil prices between 2014 and 2017 have negatively affected the country's economy (Rostan & Rostan 2020), with government debt increasing from 1.6% of GDP in 2014 to an estimated 22.8% of GDP in 2019 (SAMA, 2020). Although its deficit dropped below $500 billion in 2017, it rose again to over $500 billion in July 2018 (Faudot 2019; Moshashai et al. 2020). In an effort to address the budget deficit, economic reforms were announced with the unveiling of the *Saudi Vision 2030* reform plan, supplemented by the NTP (Moshashai et al. 2020; Rostan & Rostan 2020). This economic blueprint aimed to diversify the state's oil-dependent revenue base and decrease the budget shortage. The country, however, is facing challenges to implement these reforms, especially in its efforts to diversify the economy away from oil income and promoting a robust private sector (Moshashai et al. 2020). In an effort to boost the state coffers, in 2018 the Saudi Arabian government introduced a 5% VAT which the International Monetary Fund (IMF) estimate would increase governmental revenues with about 1.5% of the GDP (Moshashai et al. 2020).

In the midst of the pandemic, Saudi Arabia's revenues fell by 45% in the second quarter of 2020, while total revenues recorded a decline of 49% and a staggering $29 billion budget deficit was recorded for the second quarter of 2020 (Barbuscia 2020). According to the Saudi Press Agency (2020), this caused the Saudi Finance Ministry to announce several interventions as a result of the COVID-19 pandemic, to counter three major economic shocks that have significantly affected state revenues and expenses, causing the government to intervene. These shocks are:

- The decline in the demand for oil and the consequent steep decline in governmental oil revenues;
- the reduction or suspension of economic activities due to precautionary measures taken to protect citizens against the spread of the pandemic; and
- the cost of governmental interventions of healthcare measures in prevention, or treatment, of Saudi citizens and residents.

Taxes as a way to counter COVID-19 effects

From the above it is obvious that the COVID-19 pandemic had substantial impact on key global oil producers. The question is how such impacts will be handled. In consideration of the above-mentioned, Rostan & Rostan (2020) is of the opinion that in addition to the direct impact of the COVID-19 pandemic on the economy, the governments' response thereto will result in a secondary impact on such economies. Tax is considered an important tool for countries to achieve their set objectives, and efficient tax systems are important for policy-makers (Alhussain 2020). VAT is classified as an indirect tax, which is collected throughout a product/service's life-cycle, i.e. from the initial raw material purchase to the sale of the final product (Alhussain 2020).

As mentioned, VAT was first introduced in Saudi Arabia during 2017 and subsequently implemented in January 2018 at a rate of 5% (Moshashai et al. 2020; Alhussain 2020), which was similar to Nigeria's rate of 5% (Trading economics, n.d.). At that time these rates were amongst the lowest in the world, compared to Australia at 10%, Italy at 22% and India at 28% (Alhussain 2020). Nonetheless, VAT is also often considered as *regressive* in nature since it has a greater potential impact on lower-income groups than on higher income groups.

In a seemingly counter-intuitive move, Saudi Arabia increased its VAT rate threefold from 5% to 15% starting 1 July 2020 (Saudi Press Agency 2020). Nigeria, on the other hand, also increased it VAT rate in 2020, albeit by a substantially smaller increase, from 5% to 7.5% (Trading economics n.d.). According to AMEinfo (2020), the significant rate increase and one of the fiscal measures taken by the Saudi Arabian government to mitigate the adverse effects of the COVID-19 pandemic and other macro-economic developments on public finance. Although the government's intention may be to address the effects of COVID-19, it will lead to firms reconsidering their structures and transaction flows to minimise the effect of thereof (Gulf Business 2020; AMEinfo 2020).

Contrary to the route taken by Saudi Arabia (and to a smaller extend by Nigeria), Laffitte et al. (2020) propose the setting of a *minimum* effective tax rate, as a way to tackle COVID-19, related economic concerns. Similarly, Baldwin & Tomiura (2020) assert that reducing taxes may increase the resiliency of firms in affected sectors, especially in avoiding debt and credit forbearance. These actions would also help to ease the pressure on firms facing an abrupt falloff in demand.

The VAT increase will impose an additional burden on firms and will directly incur elevated expenses due to the rate increase, and indirect expenses to comply with the new regulations (Deloitte 2020). In addition, in the instance of Saudi Arabia, Deloitte (2020) also warns against an increased level of scrutiny from the General Authority of Zakat and Tax

(GAZT), especially as VAT will become an important additional source of governmental revenue. (Note: Zakat is explained as a religious obligation paid by Muslims as a portion to the poor (Nadzri et al. 2012)).

In order to somewhat pre-empt the effects of the VAT increase, firms should be encouraged to set new strategies and implement plans to absorb the dramatic changes imposed due to COVID-19. Such strategies and plans include (AMEinfo 2020; Deloitte 2020):

- The update of existing supplier contracts to ensure a continuous supply of products/services;
- calculation and consideration of additional finance cost to fund the cash flow due to timing differences between payments and recovery of VAT;
- the updating of pricing of goods/services, including adjustments to marketing material to reflect the new prices; and
- reconsidering transaction flows with the aim of minimising the impact of the VAT rate increase.

Concluding comments

The COVID-19 pandemic remains a multi-faceted crisis and requires governments to make decisions regarding health, monetary and fiscal policies. Both Nigeria and Saudi Arabia are facing economic crises due to the steep decline in governmental revenues and a dramatic increase in governmental expenditures. It requires the state to make difficult decisions to fund the increasing budget deficits.

This global pandemic occurred amidst efforts to diversify the Saudi Arabian economy away from its dependence on oil by, amongst others, including creating and strengthening private sector businesses. On the other hand, Nigerian government, in response to COVID-19, introduced an amendment to the 2020 budget in May 2020 aimed at re-prioritizing expenditure to ensure that funds are directed to areas in most need. Whereas one of the measures announced by Saudi Arabia to bolster state revenues, was the tripling of the VAT rate. Although the 15% VAT rate may be more in line with most countries, we argue that although this might increase governmental revenues in the short term, the sudden impact thereof could restrict private sector growth over the longer term.

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CONSUMERS' PERCEPTION: DISCOVERING THE "LAW OF ATTRACTION" IN ART USING EYE-TRACKING

FLORINA-GABRIELA MITU[1], MARIUS BOTA[2]

ABSTRACT. Today, due to new technologies and seeing the tenacity with which the branch of scientific research, especially neuromarketing, advances, it is easy to understand how they have managed to bring together topics such as fine arts and eye-tracking technology. Not only did they end up with amazing results, but those results were in line with the expectations created from the very beginning by researchers from these industries and beyond.

Therefore, using eye-tracking as a market research tool, it is possible to directly track and measure the observable behavior of a visual arts consumer, analyzing both his visual attention and his eye movements. The data collected for this study resulted from the exploratory research, which involves the review of several articles and specialized studies regarding the eye-tracking subject and also from the qualitative research, represented by an in-depth interview with both Romanian art consumers and artists. It has implemented an eye-tracking test, also to gather the primary data for this present study, a tool that was available on an online platform named GazeRecorder.

The results illustrate the extent to which attention and the decision-making process (to purchase a painting) affect and influence how the information present in the work of fine art is related to the composition and elements that support the artwork itself. Thus, these results, not only can help analyze a painting in a much more efficient way but can also be incorporated in the future into consultancy services for artists or may represent the basis of a more appropriate and attractive form of education in art.

[1] Master student, Faculty of Business, Babes-Bolyai University Cluj-Napoca, e-mail: mituflorina08@gmail.com.
[2] Assoc. Prof., Ph.D., Department of Hospitality Services, Faculty of Business, Babes-Bolyai University Cluj-Napoca, e-mail: marius.bota@ubbcluj.ro.

Keywords: eye tracking, observation, art, artwork analysis, paintings

JEL classification: L31, C91

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Introduction

Whether it is voluntary or involuntary, attention represents a significant source of obtaining useful information, by studying and researching a consumer's behavior. Also, if we acknowledge the presence of psychological barriers for instance, it will be more than likely that these barriers will represents an obstacle in obtaining objective results related to the reality of the phenomenon studied in many traditional research processes.

Therefore, one of the main benefits of eye-tracking is that it is the only method that could be used to record and analyze objectively and accurately the visual behavior of a person. Information, such as fixing visual attention, the time a person spends looking at a particular object or the details that they are staring at for a longer period can be difficult to obtain using just the traditional research. Eye-tracking allows researchers to study a participant's eye movements while performing certain types of actions or activities. This matter provides an insight into the cognitive processes that underlie a wide variety of human behavior and can further lead to the development of different models or methods by which we can better learn and interact with a particular type of consumer.

Moreover, if we were to relate strictly to the contribution they bring, these visual stimuli, part of this influence present in our daily activities, is also created by the attraction of the human being to beauty, more precisely to the visual arts. But what if, somehow, you could visualize, measure, and quantify the degree of this specific influence of art on a person?

Searching for an answer to this very question represented the central source of motivation for this paper. More precisely, the purpose of this study focuses on the new branch of economics, namely, neuromarketing, which proposing through the analysis of numerous studies and specialized work, both internationally and nationally, the obtain of accessible explanations of the way people look at art and understand it.

Using eye-tracking devices on a specific artwork, it is desired to discover those elements, that manage to determine an individual to buy the artwork toward which they presented a certain degree of attraction. It is also sought, using this modern research tool and the results of the eye-tracking experiment, whether if they can be used by an artist to improve their work style in the future or even if they can be used to improve certain artworks, considering the presence of those areas of interest or compositional elements that manage to engage a person's attention more effectively.

Brief review of literature

To outline an adequate historical framework and to be able to better understand the genesis of this neuromarketing-specific tool, an in-depth study was needed to occur in this field.

Following the studies of many renowned researchers it was found that the first historical feature found on these subjects was dated 1879, when Louis Emile Javal, a French ophthalmologist by profession, define and develop a way to measure follow-up eyes by reading a text. She noticed that people could not read fluently and smoothly on a page, but in an interrupted way, focusing on certain words as they looked through the text. Later a device was built by Edmund Huey, and it was used to track eye movement using small one-orifice contact lenses for pupil study. The specific lenses were connected to an aluminum indicator to observe the direction of the gaze while reading a text and through which he could study in whose words the reader will turn his attention (Zamani *et al.*, 2016). In this experiment, researchers to be able to count the fixations made by a subject, while reading the text, and were forced to place a microphone on a closed eyelid of the subject, while he was reading monocular. Thus, every time the cornea was moving and hitting the microphone, that sound was a saccade that could be recorded (Richardson and Spivey, 2004).

Eye-tracking, therefore, was used both for educational research and by medical researchers and even doctors for a long time, much more than in other fields, because the device was considered expensive. Only recently, this research technology has become more accessible compared to the years in which it began to be used, opening the orientation of interest for a new niche, namely that of marketing (Zamani *et al*., 2016). Dodge and Cline were the ones who developed the first accurate and non-invasive eye-tracker, based on corneal reflection, a photochromography. That was the result of their study of the speed of eye movements. However, the photochromic plate can only be used to record horizontal eye movements (Zamani *et al*., 2016).

Continuing the same hypothesis eye-tracking, today, is a research technology that allows companies that are using it or want to get in touch with this type of researching tool to record the direction in which people focuses their attention and what are the factors that people take into consideration when they want to determine which products to buy next. In this sense, these modern researchers who want to confirm or infirm certain hypotheses, in the field in which they work, usually use eye-tracking when (Bercea, 2012):

- They want to test websites and more than that, the efficiency of their user interface.
- Wants to test the advertisements, the live reactions in the store, the way that store shelves look, how they are designed and how the products to be sold are placed, as well as the reaction of the buyers to the product packaging, more precisely to their design, to its brand and name.
- They want to discover the way and the intensity with which the consumer chooses and filters his information and how to group hierarchically this information that interests him. This hierarchy also applies to the perceived and reference elements for the material stimulus proposed for testing.

Eye-traking & ART

The art industry branch is among the first interested in what attracts the viewer's attention and in finding out what exactly are the elements that determine a person's gaze to be fixed. Thus, considering the context created between the artist and the viewer, we concluded that the human eye and gaze are the common and connecting elements of this relationship. Just as the artist identifies the color he wants to use, depending on the response of his formed eye, so the viewer when studying the artwork for the first time he relates to what he sees with his eye. This is because our perception of color comes from the composition of light, that energy spectrum of photons that enters the eye. The eyes have perhaps the greatest significance and use to create value for these artworks and the artists who created them. Therefore, in this whole equation eye-tracking, as a new method of scientific research, plays a particularly key role, especially if we refer to the way of analysis, exhibition, and sale of these works, to collectors and their buyers.

Over time, new researchers have proposed and brought to the attention of readers various models made to be able to explore the paintings more easily in terms of their visualization and analysis of art. As is the case of Locher (1996), another pioneer who ends up laying the foundations for inspiration for countless researchers in this merged field, he discusses the importance of pictorial balance, a balance that is described by the stages that underlie the visualization of work, and how in the pre-stage of the actual visualization of the work, the subjects are asked to perform and pursue certain tasks. It is also the one that describes the existence of quite prominent boundaries in terms of the process of analysis of the artwork coming from experts and non-art experts. It seems that experts are much more intrigued and receptive when it comes to original work in exchange for a replica or a lesser-known artwork. They are also the ones who pay special attention to the composition of that artwork and who have longer saccade when it comes to original artwork. Experts also have longer and much fewer fixations when they see the work for the first time. This indicates that they already know what elements to look at to determine if they are original or fake (Kapoula, *et al.*, 2008). Therefore, besides the main vertical and horizontal lines in a canvas and the return on points of interest discovered by each participant, the composition of paint weighs in importance and has a lot of influence on eye movement as much as the other element mention above. Therefore, recent models focus on the repeated saccade between the main elements of a painting instead of studying the eye fixations (Sancarlo, *et al.*, 2020).

The visual attention and direction of a person's gaze depend on many variables and characteristics when it comes to analyzing an artwork. According to the results of the study, led by Dan Hill on famous artworks, it seems that participants, in general, are much more attracted and focused on contemporary art, both emotionally and visually. However, they do not perform as well in the case of the charm they emanate, as is the case with the old works of renowned artists. Along with the findings shared above, the researcher emphasizes in his book entitled "First Blush" that faces are the main elements that matter in visual art. He also states that if a face is present in a picture, for the most part, about 70% or even more of the visual attention is directed to the face present in the work. Therefore, in most cases, artists can play with this hypothesis in their works, trying to hide the faces of the characters in diverse ways and poses, not very visible, to make the viewer look deeper into the work and at the composition, knowing that viewers inevitably turn their attention and emotions with certainty on the characters faces (Hill, 2019).

He is also the one who stated that in the case of the areas of interest present in a work, the order in which they are formed, most often in eye-tracking studies, these numberings start with the area of interest corresponding to the face, the head area. The time corresponding to the first fixation of this area of interest is about 1-2 seconds. The next area of interest is silhouettes, which involve people or animals. These areas require a time for the first fixation of about 2-3 seconds. The two primary areas of interest are followed by the area of interest specific to objects, bodies, and clothing, and involves a duration for the first fixation of the gaze of about 3-4 seconds. At the end of this hierarchy, nature is classified as an area of interest, and it is fixed for the first time around 4-5 seconds (Hill, 2019).

Following the same idea, Dan Hill claims in his study that the eyes are one of the elements that attract a person's attention the most and most effectively both in terms of gaze fixation and emotionally. A particularly good example in this sense is the famous painting, Mona Lisa, which creates the illusion that his eyes can follow you while you look at her. He also claims that the faces in the works are detected according to certain variables obtained, which were recorded as results following the combination of eye-tracking and face coding systems. These options show that people pay the fastest and most attention to medium-sized faces, one in number and which is quite expressive (Hill, 2019).

The author also states that the positioning of the center of interest, in the case of a painting or an image, matters a lot when you want to create a successful composition. He tries to say that the middle part of a work is the most likely and safe place where a person focuses his gaze for the first time. They look from the bottom half of the painting to the top of the painting (Hill, 2019). Regarding the overall analysis, while viewing a paper, Dan Hill stated that in most cases in terms of the study or the trajectory of the participants' gaze, it tended to start from the upper middle of the painting in the corner upper right, to the upper left corner of the painting, and then this trajectory continues with the lower right corner and ending with the lower-left corner of the work. This trajectory of the areas of interest can be observed in more detail in Figure 1.

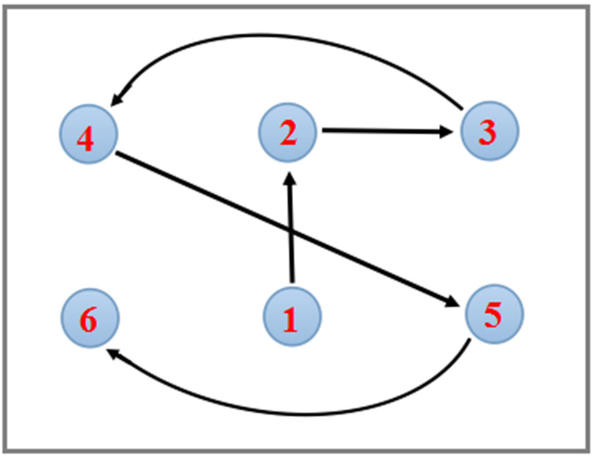

Figure 1. The trajectory of the participants' gaze in the analysis of artworks
Source: Authors adaptation based on Dan Hill's study - "First Blush" (2019)

Moreover, some specialists and artists claim that the place where the main subject of the work is positioned is particularly important. That is why it is good to think of the composition of the artwork as its composition of three major parts, both vertically and horizontally (see Figure 1), and in this case, the main subject should be positioned, either in the third on the right side of the composition or on the left side of it. However, very rarely, the main subject of the painting is suggested to be positioned in the middle of the composition (Hill, 2019). This assumption is explained by the fact that, if the paint's main subject is positioned in the middle of the canvas, it will turn the composition into a much static one and may thus arouse boredom for the person looking at it. On the other hand, many researchers who are interested in the behavior of a person's attention to artwork, tend to see if indeed the composition made harmoniously, with balance and driven by symmetry is much more appreciated by the public than the one that does not consider these compositional rules and is done in a much more abstract and chaotic manner (Hill, 2019).

Another hypothesis that provides the way of orienting the subjects towards the artwork, is described by the presence, and following of the vertical, horizontal, and diagonal lines of composition. These guidelines and what to know about the composition of an artwork can be seen in Figure 2, below. Thus, it has been demonstrated by specialists that the vertical lines imply the existence of a sense of gravity and division of the composition of the artwork and that these lines arouse emotions in a much deeper way. Compared to these, the horizontal lines have problems in attracting the attention of the spectators to the composition. It has also been shown in studies by researcher Dan Hill, based on eye-tracking and face-coding, that geometric shapes and the size of the elements of interest in the composition of the work also play a significant role in attracting the eyes of subjects and arousing their interest and the emotions of that work. Some of the most common geometric shapes are shown in Figure 2, below. In other words, he said that most of the time people focus on triangular shapes in works of art and that they focus on elements that in their placement on canvas or paper, give the impression of a triangular shape. At the same time, in addition to these shapes and guidelines, the size of the compositional elements in a work also matters just as much, for when you want to capture the viewer's attention increasingly effectively in a work. It has been shown that small elements tend to be appreciated more and better than large ones in a work. These imaginary forms visualized by the subject, in an artwork, are usually described by the fact that they give the impression of dynamism and stability at the same time in the compositional framework. Therefore, many artists tend to create their artworks with geometric-inspired shapes and lines in mind, which leads to better harmony and dynamics in the artwork that makes the interest and attraction for that work increase more (Hill, 2019).

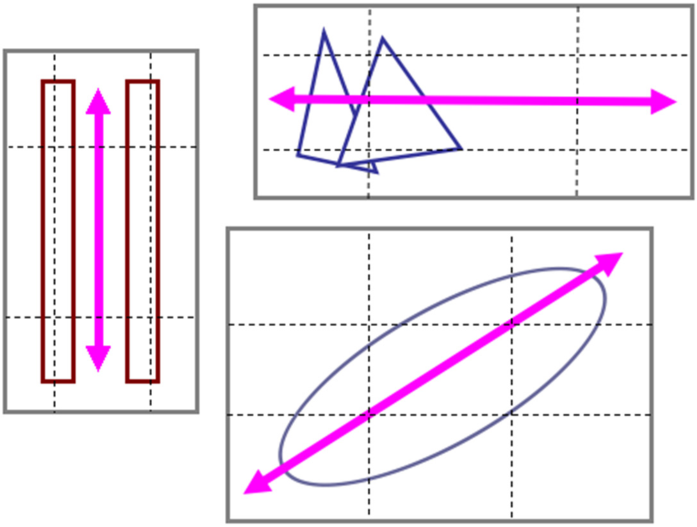

Figure 2. Lines and shapes that guide the orientation of the gaze within a composition
Source: Authors' findings

According to the specialized articles studied, eye-tracking measures the place where a person looks, whether it is his gaze, his fixation point, the time in which the person looked at this point, or whether it is the movement of the eyes in relation to the head, the dilation of the pupil or the number of blinks made by that person. In addition to fixation, the sequence in which the eyes end up moving from one location to another can be evaluated, and this action is called saccade. To measure eye movement, various eye-tracking devices are used, and in this case the most common are those that measure the observation of controlled stimuli at fixed points in certain visual materials such as videos, photos, and user interaction with the computer screen (ROJ dos Santos, *et al.*, 2015).

In terms of how to record and monitor eye movements, eye-tracking devices usually follow either the direction of the eye-to-head look, which requires a separate report for the orientation of the head or follow the combined direction of the eye-head. In general, any system attached to a user's head follows the eye-to-head direction and any system positioned at a distance from a person's head follows the direction of the eye-head. Whichever of these tracking methods are to be used, they estimate where the eye's point of view is located in the space of a screen. Another feature, specific to these devices and eye tracking systems, is described by the fact that they can be intrusive, that requiring some form of physical contact between the sensor and the user, or they can also be non-intrusive, systems that usually use the camera-based technique. Although intrusive techniques require contact with the user, they are generally more robust for when the user wants to move, because the sensor remains fixed to the user's eyes and may be more accurate than non-intrusive techniques. Non-intrusive techniques, at the same time, can restrict the user's movements to a certain extent, because to keep the user's eyes fixed on the system's sensors, he must keep his head still. Most often for tests performed by professionals, they also provide chin support for systems that track eye movements using the webcam, so that the user does not move his head during the test (Weigle and Banks, 2008). Also, eye-tracking systems, which are based on the camera, usually come in different models, and can capture distinctive features in an image recorded in relation to the eyes. Many commercial trackers require some form of calibration procedure for each individual user. Camera-based commercial trackers can be considered intrusive because they can be attached to a headrest so that the cameras are at a remarkably close, fixed distance from the eyes. (Weigle and Banks, 2008).

Material and method

In this paper, both secondary and primary research were used. The secondary data were collected, and exploratory research was carried out, where the content of several papers and specialized articles were reviewed. The secondary data were also collected over two months, during which time several platforms for academic and scientific study and research, such as Research Gate or Google Scholar, were used to download the literature. Also, an attempt was made to combine the two research modalities, namely primary, exploratory research, represented by the in-depth and semi-structured interview and a modern one, described by the neuromarketing research.

The method of collecting qualitative data, namely the interview, provides a sample of 10 people. The composition of this sample consists of a number of 4 art buyers, and the motivation that was the basis of the research on this type of consumer was to find out what his perspective is and what determines him to purchase certain works. Also, among the 10 interviewees 6 were artists, and by interviewing them a deeper understanding of what it means to work as an artist was wanted, the process of creating, promoting, and selling art and the relationship with the client and the art viewer.

Moreover, the participants at the interview were various ages, between 21-22 years and 50-60 years, they are being mostly represented by students, but also by more distinct professions such as electro-mechanic or associate professor. Also, the number of women was higher than that of men, women being in several 7, and the predominant geographical area of origin of the participants in the interview was represented by city as Constanța, followed later by Cluj-Napoca and Tulcea. The environment of origin was also represented by both rural and urban areas. Also, the recruitment and interview period of the interview participants was approximately one month, the interview sessions being conducted online, using the Microsoft Teams and Google Meets platforms, and the duration of these interviews was between 25 minutes and maximum one and a half hours. At the beginning of the conference, the participants mentioned that the confidentiality and the use of the participants' answers will be respected, as well as the mention that during that meeting the conversation will be recorded.

The second way of collecting primary data was achieved using eye-tracking technology, which is provided free of charge by the Gaze Recorder platform, through which it was possible to create and implement a test with which to weld and find out the interaction between the movements of a person's gaze, the fixation of their gaze and the stimulus chosen to be viewed, within 30 seconds, on this online platform. The motivation behind the choice to use this innovative way of collecting primary data was described by the desire to confirm and demonstrate the information and results obtained in the first part presented in this paper regarding the study of a person's visual attention using eye-tracking, as well as the comparison of the results found in the specialized literature, regarding the most common areas of interest within the famous works of art presented in the beginning.

For this eye-tracking experiment, an amateur artist was specially chosen, who was willing to offer one of his paintings made in oil, as a visual stimulus, to be studied and viewed during the test by the participants.

The size of the image is 500 x 500 pixels, which includes the description at the bottom of the painting, and the exact one in which the title, price, year of the work and the name of the artist is visible. The reason for choosing this work was determined by the presence of several elements that have an extremely high potential, from a theoretical point of view, in attracting the attention and capturing the interest of art viewers. But that may also present some mistakes in terms of how to make the composition. Mistakes such as placing the main elements of interest in less favorable areas from a compositional point of view. Therefore, it was wanted to confirm the influence of these elements in terms of capturing a person's gaze and moreover it was wanted to find out the areas of interest most viewed by the participants in this eye-tracking test and if any improvements can be made to to modify the other areas that attracted less or for a shorter time the subject's attention.

Also, this test was attended by 10 people, of which were present and more experienced people in terms of art, but also less experienced people. Those experienced people are represented by some of the participants in the in-depth interviews, around 5 people, and the remaining 5 being represented by people less experienced in terms of fine arts, especially oil-paints. More women than men were present at this test, being only 2 men, and the age of the subjects varying between 21 and 52 years, most of them being students as an occupation. The implementation of the test lasted one month.

Regarding the choice of subjects, who participated separately in this test organized exclusively in the online environment, on the platform mentioned above in the text, it consisted of contacting separately, through social networks and the phone call of each participant, in which it was necessary to give them a short presentation and introduction in terms of the topic and purpose of the study, which involves eye-tracking technology, how it is intended to be used in this research paper, discussion completed, then through a little training of these people regarding the performance of the eye-gas-tracking test. Many of the people contacted stated that they had not heard of the existence of a technology such as eye-tracking or what it represents and how it can be used. There were also people who showed signs of reluctance towards this technology because they perceived it as something invasive of personal privacy and as a way of studying without scruples and a little more frightening. However, for most people, after being explained and exemplified, what this test consists of, they agreed to see the performance of this research method, personally.

The steps that had to be followed by a participant in the eye-tracking test were:

For a start, they had to access the link, sent by the test implementer, a link that directly redirected the subjects to the Gaze Recorder platform, where the study was to be presented. This study consists of two stages:

- The first stage consists in allowing the start-up and use of the webcam of the computer or telephone used by each participant and then followed by the correct calibration of the subjects in a small frame, so that the software can efficiently record the movements of each person's eye.
    - ➢ To perform a correct calibration each subject, before starting the test, had to ensure that:
        - ✓ The light is good and not extraordinarily strong coming from behind in the room.
        - ✓ That his face fits well in the frame indicated by the platform.

- ✓ They do not wear glasses at the time of the test.
- ✓ Have an upright position in front of the camera and be careful not to move during the test.

After making sure that it meets these requirements, a green button called “start gas calibration” will appear on the screen, which will need to be accessed and it will lead to a white screen, which will contain a red dot on which the subject will you have to follow it with your eyes and then follow the point, both with your eyes and with your head in the left-right direction and then up and down.

- The second stage consists of looking at the image, with the picture, which will appear immediately on the screen for 30 seconds.

As equipment necessary for the implementation and start of this type of experiment was needed only the existence of a particularly good internet connection for both author and the subjects participating in the test and a functional webcam, owned by each subject in part.

Results and Discussions

Following the implementation and conduct of these interviews with art consumers, it was concluded that the experience of art buyers in Romania is not very vast and complex, especially if we refer to several works purchased by them. These people also stated that they usually choose to buy more from amateur artists, but also from abroad, both traditional or contemporary paintings, abstracts or drawings, as well as artistic photography or handcrafted prints. And, in the case of the majority, the reason and factors behind the purchase of art are described by the desire to decorate the interior of their own home and to be able to make a gift to a known person, as well as the simple pleasure and satisfaction of seeing the purchased work present in one’s own home.

Moreover, they stated that such works of art cause the appearance of that “inner smile” when viewed, and this matters a lot in determining a person’s purchase.

At the same time, regarding the acquisition of fine art, the participants in the interview said that they oriented their purchase choice according to the aspect of the work, more precisely according to its composition, its subject and what the whole work represents, together with the color range used. Also, another familiar behavior found among the art consumers interviewed is described by passing the whole work before they decide whether it is worth buying the work or not. Later, their gaze gradually shifted to certain details in the compositional framework of the work and especially to the smaller, or more meticulous details. Simultaneously, with these answers were also opinions of the artists who were interviewed. Individually there are people who say that they even look at the artist's signature in a work, because he finds it interesting how his signature is made. Also, some people said that they are much more attracted to abstract works and the inspiration of geometric shapes found in such works. Emphasizing at one point that, "the more color you have in your work, the more assumed you are as an artist," because it is exceedingly difficult to work with so many colors and place them in such a way that, from an exhibition point of view, to succeed in attracting the human eye and not to spoil the whole harmony and symmetry of the composition.

Equally important for the interviewed artists is the presence of a message found next to the artwork, or rather a good advertisement made for when an artist wants to exhibit his works, because the artist's message, his name, and other descriptive details of the painting matter for a viewer or potential consumer of art. It is therefore advisable for them to have these descriptive elements present, even if the viewer chooses or not to read it, because in this way, some idea can be formed about the meaning of the work, especially if it is a work that it is more abstract and slightly more inclined to philosophy.

That is why the curator is the most essential element in an art exhibition. Thus, a good promotion from the curator who takes care of your exhibition is the most important when you want this increased visibility in the eyes of art viewers. Also, an equally key factor for this visibility of the artist, today, is represented by his visibility in the online environment, so many people end up setting up their own social platforms and web pages through which they are made. seen faster by Internet users, both in the country and abroad. An advantage of this self-promotion movement is that they have a much wider descent towards the younger generation, who populate these social networks the most today and who do not get to attend physical galleries or art exhibitions as much. Another behavior, coming from the artists is the appeal and creation of partnerships with different public figures, different influencers from Romania, to whom they give as gifts some works of art, which they publish and advertise to their own group of followers and people who he appreciates them. But this phenomenon is more common among younger artists, who know how important the presence on social media has become for an artist who wants to grow in pace as quickly as possible and advantageous for him.

Moreover, some of the art consumers said that for them the interaction with the artist before purchasing the work matters just as much. This happens most often in art fairs and exhibitions where you can get this direct contact and interaction with the artist of those works or even online. Also, in addition to the interaction with the artist, they are also oriented, in the process of searching and buying art, and according to the style of the working artist. One of the interviewees specifying that he finalized his choice, in one of the cases, when he listened to what the artist had to say about his work. Compared to this statement, another person stated that the presence of a description on the exhibited work is not an advantage for the buyer, because each person may perceive the meaning of the painting or work differently, and it is much better when that meaning is interpreted and adopted. of buyers in their unique way. At the other extreme, a little more analytical and more experienced, among the interviewees was found a slightly distinct perspective, in terms of visual appreciation of a paper, specifying that that person looks, for the first time, if he likes the work itself and then the “gold line or cut” i.e., the division of the work into two vertical lines and two horizontal lines of the work. Thus, if the compositional elements are found positioned on the trajectory of these gold cuts, then the composition has a much wider dynamics and a much more complex harmony.

When we think of purchasing a work, the budget established for it, in Romania, is not very extensive and generous, compared to other countries from abroad. Thus, among the interviewed art buyers, most of them said that they did not give more than 300 lei for an artwork, many stating that they cannot afford to buy expensive works. But there were also people who said that they would be willing to pay more, even somewhere up to 11,000 lei, for a more original work. And, when it comes to the location where a particular artwork can be bought, it can also be a barrier when it comes to purchasing art. The vast majority say they choose to buy by looking for a location closer to them because many of them do not have the opportunity and time to move after those works. At the same time, there is the opinion that the location is not an obstacle in any way, but more important for a consumer is the price of the work. From another perspective, the most vociferous topic, in interviews with artists, was described by the lack of promotion of exhibitions and cultural events of this kind in smaller cities in the country, and the lack of education on the population, in terms of art and its actual process of making a work of art. This being a first obstacle in terms of increasing the visibility of an artist who wants to become known on the art market in Romania.

Eye-tracking test

Regarding the results and values obtained from the test, they are represented by a Heatmap, and Area of Interest (A.O.I.). Separately, the Heatmap shows how the studied stimulus is transposed into an image in the form of colored overlays. These colors are both dark and lighter. They are also represented, on the one hand, by the colors yellow and red, which indicate the areas where a person looks the most, and on the other hand, by the cold colors, namely blue and green. Red represents the area with which a person interacts the most, followed by yellow. The colors green and blue look further, following the order of intensity of the gaze, where the person looks less, at that image. Blue represents that area of the image in which the person looks the least.

The second type of result obtained, from the eye-tracking analysis, is represented by the area of interest, or A.O.I., abbreviation from English. This type of result indicates the region's where certain displayed stimuli are located and from where certain specific values in those regions must be calculated and extracted. The values, which appear in these A.O.I. areas, show how many people saw the selected area, in the picture shown, how many seconds lasted, when they saw the selected stimulus in that area, how many times the view of that selected part was repeated and how many views were made back and forth in that area.

As can be seen in Figure 3, the first type of result procured by the platform is called the Heatmap of the studied stimulus. In the composition of this image, you can easily see how the 10 participants in the test were attracted and looked the most in the middle of the picture. The color red, being more accentuated on the donkey's head and on the woman. Also, following this hierarchy of colors, present in the heatmap, the following elements that managed to attract more efficiently and more the attention of all participants, were described by the road and the cobbled shadow in the composition of the painting, followed by the artist's name, part of the title of the work and its price. On the other hand, most viewers devoted much of their visual attention to the upper middle of the painting and then

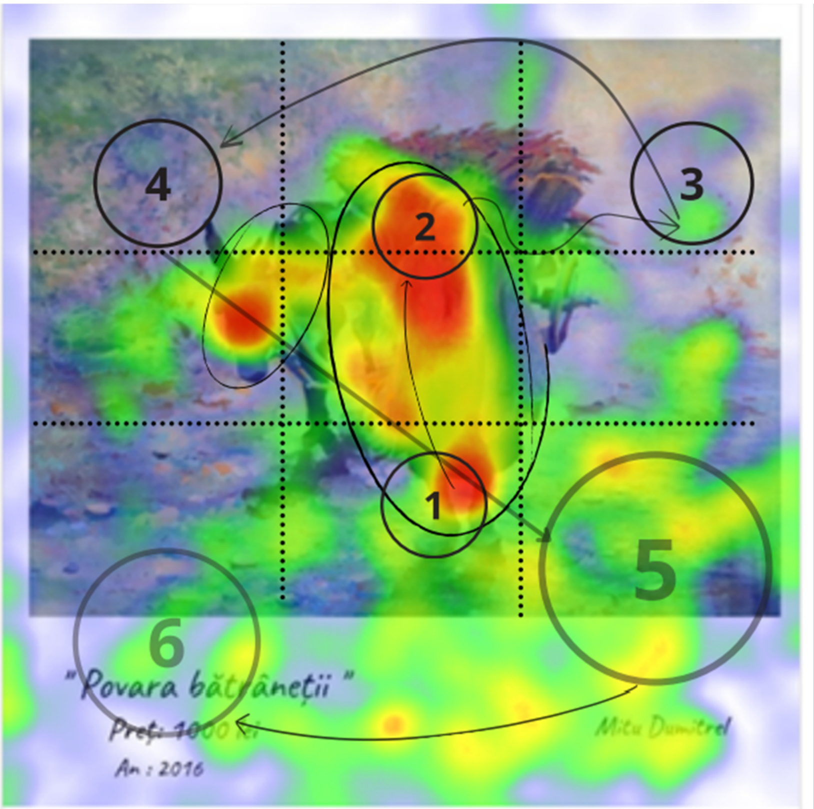

Figure 3. The Heatmap corresponding to the oil painting used as a stimulus
Source: Gaze Recorder Platform: https://app.gazerecorder.com/Study/

they turned their gaze to the lower middle of the painting, thus confirming a part of the statements and discoveries made by Dan Hill (2019), in his study, that when people look at a work of art, they always tend to look for the first time in the middle of the work and the faces of the main characters. Also, the fact that the subjects looked as much at the road painted in different blue tones, also confirms another hypothesis and results of the same author, that people are more attracted to the color blue than the other colors used in the realization of this painting, such as the brown and the brick present in the hay carried in the cart, an element on which the vast majority did not focus their eyes and attention particularly.

In the second type of results, namely the analysis of areas of interest, it was decided to select, in turn, the areas that were supposed to have the potential to attract the attention of a person for the first time and on which it was desired to find out the intensity with which they catch a person's eye. Then, areas were selected in the paper, based on those "cuts and golden dots", represented by horizontal and vertical lines, which dictate the harmony and symmetry of a plastic composition. Therefore, as can be seen in Figure 4, below, the middle area of the paper is the area where the subjects looked the most, being viewed by 9 out of 10 people and in a proportion of 26%. The total viewing time of the area is 8.25 seconds, requiring only 0.51 seconds on average for these 9 subjects to view this area for the first time. At the same time in Figure 4. we can see the difference between the interest given by the subjects to the upper and lower middle part of the artwork delimited by these vertical and horizontal lines of harmonic orientation. Thus, it was observed that all 10 subjects looked mostly in the lower middle of the painting, with a total viewing time of 2.78 seconds, in a proportion of 10%. It is 16 percent smaller than the central area of interest, where the first gaze lasted 1.33 seconds. This shows that the subjects' eyes were first drawn to that area for a little longer. On the other hand, although the upper middle area was seen by fewer people, it managed to draw attention, for the first time, longer on the area lasting 6.18 seconds, compared to other areas selected, but for a total time 0.96 seconds shorter.

Figure 4. The medium areas of interest delimited in the study
Source: Gaze Recorder Platform: https://app.gazerecorder.com/Study/

Viewing Figure 5, in terms of areas of interest, the most watched of these areas are those described by the faces of the main characters and their clothing. It seems that 8 of the 10 people looked at the face of the donkey and the old woman in the painting.

These being seen, for the first time, in turn, by the 8 participants, in a time of 4.94 seconds for the donkey and the old woman's face being seen for the first time in a time of 3.8 seconds. They spent more time looking at the donkey's face for the first time than the woman's but compared to the total time of 30 seconds they looked more at the woman's face. Moreover, the total time in which these participants looked at the woman's face was 2.21 seconds, compared to the total time of viewing the donkey's face, which was less than 1.7 seconds, about a percentage lower than a woman. This total viewing time of a particular area, from an image, includes both staring for the first time and returning the gaze to that area during viewing.

Figure 5. The most popular areas of interest
Source: Gaze Recorder Platform: https://app.gazerecorder.com/Study/

Another observation, very prominent, is described in Figure 6, by the fact that the subjects spent truly little time in total, looking in the upper left and right corners of the picture. They watch in proportion of 2% of the total viewing time of the areas. Compared to the upper right corner of the painting, where only 5 out of 10 people looked, it seems that in the upper left corner they looked at two more people, but they looked in that place for the first time, for a time of only 11.59 seconds. The highest value of this first view was recorded in the upper right corner for 13.63 seconds. But analyzed, together with the total time required for these two upper corners to be viewed, which was noticeably short, it turns out that people who looked at these areas did not return to them.

On the other hand, in addition to the lower middle area of the picture, in a percentage of 100% and in a total time of 2.4 seconds, the participants in the test looked at the corner of lower right, corner that is part of the stylized road in blue and that also contains the artist's signature camouflaged in this predominant color. Also, it seems that only 4 out of 10 people looked at the artist's signature, in a total time of 1.16 seconds.

Figure 6. Participants' interest in the corners of a painting
Source: Gaze Recorder Platform: https://app.gazerecorder.com/Study/

Conclusions and recommendation

The main results, derived from the research carried out in this paper, both the traditional one, represented by the in-depth interview, and the modern one, described by the study based on eye-tracking technology, show that, in our country, they are very many people who appreciate art, but very few of them choose to invest in art. Not only in terms of its purchase, but also in terms of promoting Romanian art at the level of the entire country, not only in the capital. Therefore, to qualitatively promote Romanian art, it is necessary to increase the level of education in art.

Another finding, resulting from the research, reveals that an artwork is successful in the eyes of a consumer, if its composition is done correctly and if it shows a certain dynamism and harmony, which ends up satisfying and delighting instantly a person's eye. Another factor which places a work in a place of glory, in the eyes of the viewer, is the range of colors used in the creation of the artwork by the artist. The courage and admiration of an artist can be seen in the variety and intensity of the colors he uses in his works. It has also been shown that the viewer focuses on the small and very well camouflaged elements in the artwork, as well as on the centered elements. This is also observed in the case of the analysis of the oil painting, subjected to the eye-tracking test.

This test showed that the maximum percentage of audience (100%) was attracted to the bottom of the painting, on the paved road and stylized in blue, by the turbulent movements of the brush. Considering the total viewing time on this area of interest it can be said that this time was much shorter compared to the 8.25 seconds spent on the main characters, who were positioned centrally in the composition of the work. Thus, regarding this analyzed paper, the common element found in the behavior of the subjects participating in the study is represented by the paved road at the bottom of the picture.

Centralizing these results very well, it can be deduced that the artist, who agreed to offer his work as a visual support for this study, to further increase the attraction, on his work and the whole composition, must put more emphasis on the distribution of the technique used in the construction of the paved road and in the upper part of the work, in the two upper corners. Also, to create a much stronger dynamic and harmony in this work, it could bring the central elements a little closer to the right side of the picture to create even more perspective on the difficult gait of the old woman and the donkey, but without changing the way they are made, as this was one of the factors that gathered the greatest interest from viewers, both in terms of viewing time and the number of people, namely in proportion of 90%. Adopting these improvements, by the artist in question, the quality-price ratio would be much more appreciated by the viewer when considering his purchase. The more the art viewer is attracted to a work, the less he thinks about its acquisition. Moreover, considering the recent behavior of people on the Romanian art market, namely their growing attraction to contemporary art, this has led to the attention of artists more on these art lovers. But, because there are very few people who really choose to invest their time and money in art, this determines the appearance of this slightly gloomy and incredibly competitive feature in the Romanian community of artists today. At the same time, this lack of education, which many artists consider, in terms of art in the country, is not to blame, neither the ordinary citizen, nor the artist, but simply this is a common feature of today's society. However, this behavior can be rectified, little by little, in terms of increasing the level of general knowledge in art, by introducing these devices and software that use eye-tracking technology, in the study and presentations made in the field of art. Many galleries or auction houses could, in this way, use this type of research tool, in terms of the analysis and presentation of a particular work to its public, both in the case of art exhibitions and in the case of organized cultural events. of these. Also, another way to improve the visibility and promotion of artists' artwork is by introducing an art consultancy using eye-tracking, to find out what are those strengths and elements that manage to attract the interest and gaze of a person who is passionate about art.

This consultancy should not be seen as a result of the study created, but rather, it should be seen as a way to improve and self-educate the artist in his art. The artist, following the use of this consulting service, can choose to consider or not the results obtained from the test. However, the fact that he can convince himself with his own eyes of the way in which his own works are seen, can represent for him another kind of source of determination and motivation when working on his next masterpieces. Thus, seeing what the art viewer is more attracted to, the artist can create much more art for the public or, he can get much closer to it and can promote himself much more easily, by highlighting those works that had the greatest attraction during the eye-tracking test. This consultancy can also lead to more constant exhibition and sales activities for an artist, because through the feedback he receives, he can even save certain works that are unfinished or that have a lower performance in the eyes of the viewer. What must be mentioned, regarding the appeal by an artist, especially the amateur, to this art consultancy on his works, is that this will not lead to the disappearance of the artist's creativity or to a change of the way of making his paintings. The results that he obtains, following the eye-tracking study, the artist in question will choose to transpose and highlight them in the work, in his own way, or maybe he will even choose to omit them permanently. What is certain is that that creativity and its own touch will not disappear but will only be able to be highlighted better and more effectively knowing what the visual contribution of people to his works is.

Therefore, this technology is beneficial because it allows the researcher to really see and verify the degree of influence that the work of art has on the behavior of a consumer of fine art. But as beneficial as this is, it is as unknown to the average person in Romania. And because there are still people who fear technology and how fast it is advancing, it makes these people not incredibly open to using or testing this type of research tool that is based on eye-tracking technology. As we have encountered in qualitative research, namely during interviews, people see eye-tracking as a way of manipulating and invading privacy, because it can reveal its interest in a particular object or image. In this regard, an equal emphasis must be placed on the significance of eye-tracking and how it works, because it is one of the technologies of the future, in almost any field of activity, and Romania must finally rise at the level of other countries, in terms of innovation.

Also, these results and this type of research can be used in educating the population, in a much more effective way, because it is based on concrete cases and studies, in which the emphasis is more on objectivity and less on subjectivity. Aspect, which is a little strange, to meet in the field of art, given the fact that in art, almost everything is subjective. So far, in terms of art research, we have focused a lot on what experts and artists tell us and we have focused less on what an ordinary person really sees. And for a person to become interested in investing in art, in Romania today, he must first be able to taste this art, which is offered by our artists. And for this phenomenon to grow, it also takes an effort from the artists to try to get closer to this unmodeled audience with a good hand.

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PERCEPTIONS AND ATTITUDES OF THE STAGE ARTS AUDIENCE ON MARKETING MIX VARIABLES

DANIELA ANDREEA CARABA[1], SMARANDA ADINA COSMA[2]

ABSTRACT. Performing arts meet a wide range of audience needs. Some spectators make the decision to participate because they are interested in the program, while others are attracted by the interpretive qualities or by famous artists. The decision on the characteristics of the artistic product delivered to the public involves solving a dilemma between its artistic and commercial dimension, between the resources and the available budget and the aspirations of the directors. The distinction between entertainment and art is not always very rigid. There is a preconception about an art show that could be perceived as boring and inaccessible to the uncultivated public. The main purpose of the research is to analyze the public's perception of the elements of the marketing mix for the artistic product in the performing arts. Descriptive research was conducted through the questionnaire-based interview. Consumers are more inclined to seek to satisfy an emotional need by consuming artistic products or to learn something new, diversifying their level of education.

Keywords: extended marketing mix, performing arts, stage arts audience, spectators' perceptions

JEL classification: M31, L89.

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[1] PhD Student, Communication, PR and Advertising Doctoral School, Babeş-Bolyai University, Cluj-Napoca, e-mail: adacaraba@gmail.com

[2] Prof. PhD, Faculty of Business, Babeş-Bolyai University, Cluj-Napoca, e-mail: smaranda.cosma@ubbcluj.ro

Introduction and literature review

The field of marketing has nowadays become one of the most important activities within any organization (Armstrong et al., 2019). It ensures the success and intelligent allocation of the organization's resources in accordance with the market trend on which it operates (Kotler et al., 2020). It has become mandatory on competitive markets even for the smallest business or project (Kotler and Zalman, 1980). The marketing mix variables are engaged to respond to the challenges of dynamic environments.

The literature regarding marketing mix elements for stage arts domain remains poor. Framing the field of performing arts closer to the service area, it is, first, worth mentioning that the artistic product integrates both artistic goods (costumes, decorations, props etc.) and several types of services.

At present, little is known about the role of marketing mix in client's decision-making process for the performing arts. At the same time, it is something that could help marketers develop more effective strategies to attract and retain customers (Han & Kang, 2020). Identifying the factors that play an important role in making decisions for the employer, determining how managers can ensure that the public experiences better service quality, and setting key variables influence post-purchase behavior, could provide valuable information for the permanent arts, and could help to develop more effective marketing. Only a few investigations of marketing mix variables in the performing arts have been conducted (e.g., Cacoveanu, 2015; Lee et al., 2016; Kerrigan & Ozbilgin, 2004; O'Reilly and Kerrigan, 2010; Vorzsak et al., 2006; Teatro all Scala, 2017).

1. Product

The product represents the main component of the marketing policy. Precisely the artistic product should be analyzed, selected, and created by combining both marketing and artistic knowledge which, for the performing arts, regards the director.

Perceiving the artistic product as basic, generic, global, and expected product in the performing arts, a comprehensive and relevant term that encompasses all these components is the complete experience resulting from consumption. Each audience segment, regardless of the type and segmentation variables that define it, participates in a performance expecting or wanting to live a certain type of experience. Likewise, the director wants to offer a certain experience. Success occurs when the experience offered by the artistic team coincides with that expected by the public, captures, or even exceeds these expectations (Bernstein, 2014; Leko Šimić et al., 2018).

Less known but more and more common in Romania are the artistic directing approaches with modern elements. Most frequent and popular performances are usually reduced to the box-type scene that involves the distance between the audience and the artists. This approach is strongly competed and overtaken by the film and television offer. Obviously, a large part of the audience prefers the comfort of the cinema or their own home to a stage performance, especially since the comfort of the auditorium often leaves much to be desired and the whole process of getting there requires extra effort.

Modern artistic directing visions through innovative types of staging seek to change this approach. They seek to offer a unique and different experience that the public cannot experience by consuming alternative products.

Such interventions can be done, for example, at the spatial level by reducing the distance between actors and the audience or changing the seating of spectators. Highly appreciated are the initiatives in which it was mounted in an integrated natural setting, the spectator-audience position was reversed so that the audience was placed on stage and the actors played in the hall as well as the ones in which the actors play in a daily setting involving the audience, the performances flash-mob type, living statues etc. This approach does not, of course, appear devoid of a degree of risk and greater demands from the anticipation and improvisation skills of the artists.

Sensory harnessing is another variant that can strengthen the viewers' experience through actions and effects that involve a wider range of senses, not just the visual and auditory sense.

The trend and preference for 3D-6D productions in cinematography is the current proof of this orientation with the mention that in the performing arts it can be integrated with more flexibility and lower costs.

2. Price

Regarding the price, most opinions claim that it is, in the field of performing arts, often irrelevant. The only categories for which this could be a barrier are students and probably people who are retired or have very low incomes. Most institutions frequently offer packages tailored to their needs.

The factors that influence the purchase decision depend on the rest of the variables of the marketing mix and associated risk factors: the risk of getting bored, the social risk and the psychological risk, of not being in a place incompatible with one's own image and way of life (Bernstein, 2014).

A peculiarity of the price variable in the artistic field is its impossibility to fully include the costs, hence the conclusion that there is a higher economic threshold for the purchase of tickets that deserves to be analyzed and identified.

The large discrepancy between cost and price opens a new side specific to the cultural field: fundraisings (sponsorships, donations, and partnerships) which becomes a distinct and essential component in the marketing of any institution or artistic community.

3. Place

We can consider two types of distribution that define the field of performing arts without any connection with the term "distribution" with the meaning of role allocation within the artistic team, an aspect relevant to the activity of recruiting human resources in the field. First, the distribution can refer to the form of delivery of the performance in relation to the product variable and the directorial vision described above that influences the form, place, and way in which the show is distributed. In short, it refers to the place where the performance and the type of direction are implemented, especially in terms of positioning, background, staging and the public-spectator relationship and distance.

Second, it refers to the distribution process of the physical proof that accompanies the service: ticket sales, efficiency, and accessibility. How easy it is for the public to purchase the desired ticket and the experience they have in this process is often a decisive aspect in deciding to attend. Of high importance is, of course, the need to facilitate the online purchase of tickets accompanied by a functional and efficient process and as well as the availability of staff to deal with problems along the way or possible objections in a polite and professional manner.

4. Promotion

The promotion of artistic products must as well combine some aspects whose harmonization is not always an easy choice.

As in the planning phase of the product, in the case of promotion variable the difficulty appears in how to implement a promotion campaign in tune with the following four factors:

a. Consumer orientation

The campaign must be constructed in such a way as to highlight the advantages of participating in that show from the public's perspective. What needs, desires, expectations can be solved by participating in that show exclusively, better than in a similar one or by opting for an alternative activity?

b. Strategic promotion of artists/ use of an artist's image for promotion

According to point a., for certain segments of the audience a renowned artist present in the cast and illustrated in the promotion campaign can be a very good "hook" for the appropriate segment, most often consisting of categories of knowledgeable and loyal audience. However, to target as many segments as possible, this practice should not be exclusive in order not to alienate the less informed or novice audience segments.

At the same time, the visible involvement of an artist's image can be a strategy for implementing or consolidating their long-term notoriety if it has potential to develop new personal "brands" that can be capitalized in the long run as well as those of current reputation.

There is often a tendency to force or exaggerate the value of an artist out of the need to validate and motivate them for a more successful performance or to create the impression of a better reputation of the institution or show where he performs. This can result in a loss of public confidence and credibility of the entire offer if the resulting expectations are not confirmed in the satisfaction of the target segment or the novice consumer not feeling the promised satisfaction may feel disqualified and avoid returning to future shows.

c. Highlighting the artistic vision of the essence of the product

It is desirable that, after analyzing, understanding, segmenting the demand, and constructing the appropriate product accordingly, communication to be adapted according to those potential attenders whose expectations and desires can be best met by the offer and who they will resonate with what will be delivered on stage.

Moreover, the artistic performance also involves an interaction and energetic and emotional exchange between the audience and the artists. The right audience will not only respond positively to the artists but will give them the feedback and drive needed to have a successful performance.

For this reason, the promotion campaign must reflect the concept and essence of the performance highlighting the artistic vision in tune with the story line, approach, scenography, the concept of the show.

d. Capturing an expressive moment and conveying a representative emotion

Communication materials used (graphics, text, video, auditory content, etc.) can have a greater impact if they coherently reflect the atmosphere, the positive experience that the artistic product will offer on the evening of the show, an insinuation of the emotional satisfaction that can be reached by consumption.

If photos with cast artists are used, they should contain an epic scene capturing the characters in active and expressive poses. Increased attention to technical artistic detail can be very relevant to correspond to those categories of public that have a more advanced level of knowledge and could notice any inconsistencies. For example, in the case of a ballet performance, the images that include dancers in motion must show only positions or moments of correct technical execution without, of course, excluding the artistic and emotional side. In the case of commercials and/or audio recordings that use performers' music material, it is mandatory that the selected recordings be performed correctly and sectioned properly as not to generate disturbing disharmonies.

The information on written materials used by or referring to the subject or characters in the show must, of course, be well documented and consistent etc.

In conclusion, it is essential that the marketing team knows in detail the product and the specialized requirements that characterize it. It is easy to make mistakes if team members do not have a minimum of artistic expertise and the materials are not properly checked.

5. People

The staff includes people with diverse attributions who have as a common feature the interest and motivation for the artistic act. Overall, the components of this variable in the performing arts most often refer to: artistic staff, technical team, administrative team, management, marketing team and volunteers (Štefko & Krajěak, 2013).

An internal marketing approach perspective of this marketing mix variable involves treating all members involved as internal customers like the analysis applied to the public. Thus, following the identification of needs, desires, and expectations along with segmentation of this variable, the most recommended leadership styles and directions given by the motivating factors can be applied. It is important that the team works integrated and in harmony, the atmosphere at the time of the creation process being a factor with a strong influence on performance. The tensions and pressure of a chaotic approach can generate various blockages in the capacity of expression and creation, especially at the level of the artistic team (Stanislavski, 2008).

The natural and justified way artists focus on themselves involves higher or lower doses of the narcissistic and egocentric tendencies necessary for those who develop in this field. The uninhibited, dominant, and egocentric personality is a normal trend for those who choose a stage career because, only by presenting themselves in the best shape, attracting attention and capturing the sympathies of those around them, they will be able to offer the best.

However, in another context, these personalities so suitable for the scene, can become overwhelming and problematic without a realistic self-awareness and a strong will to adapt. Moreover, such personalities will encounter real difficulties in positions where, for efficiency, they would require their placement in the background or less visible areas.

Because of the marketing approach, from the analysis and understanding of the needs of the demand in order to satisfy them more efficiently and operatively than the competition, the support of the decision-making team is essential. The approval of a strategy in which the attention is also focused on the internal factors is necessary for a good functioning of the artistic team.

6. Process

Processes are mechanisms for harmonizing all the factors that make up the entire activity of the organization by going through the managerial functions from the perspective of concentrating on demand and considering the specifics and particularities of the activity.

In carrying out the activity effectively, the intention is to create systems, functional methods and working benchmarks that include the possibility to continuously improve and readjust to the mobile requirements of the market. Systemic vision, a necessary skill at the decision-making level, requires a precise and structured cognitive model to look at the entire organization from a complete perspective, from general to specific.

The more we delve into the details of the activity, penetrating to the operational basis of the process, the more necessary it is to draw up procedures and work instructions adapted to the field.

The entire artistic team activity must be sufficiently structured to offer comfort and balance, but also to leave enough space for the creative contributions of the artists.

7. Physical Evidence

Physical evidence refers to those tangible factors that accompany the service.

Physical evidence includes aspects related to the environment (architecture and decor of the space, background, light, etc.), the general framework (layout - how to organize the space) and branding (inserts and joints of space with recognizable elements that define the image of the organization).

For the artistic product, the physical evidence refers to the space where the show takes place, which combines with the variable distribution, processes, and staff, along with everything that happens outside the stage as a complement to the show experience but also to the scenography elements of the artistic product from the stage.

Brand elements are present starting with the process of documenting and purchasing tickets, during the delivery of the product and until the end of the experience. The ambiance and the setting intertwine with the process and the interaction with the staff from the moment the consumer arrives at the performance hall until they return home and can refer to: the appearance of the staff, the materials offered, the various facilities, products available along the trails that the consumer can cross.

The experience of a show cannot be isolated from a complete approach to this variable, as it is not enough that only what happens on stage is optimized.

Physical evidence in the performing arts offers a greater degree of flexibility and creativity. There is the option of integrating what is delivered on stage with the same artistic vision as on stage, before and after the performance in the most varied ways. For example, short artistic moments could be added during the breaks between the acts of an opera in the relaxation area. The characters can walk among the consumers, the staff can wear vintage outfits, scenic elements can be included all around the building, scenery like that on stage, adapted products included in the bar menu etc.

From an artistic staging perspective, there are various possibilities to the classic Italian scene (box type). The action can take place in unconventional spaces totally or partially, outdoors or the positions of the public - artists can be reversed. The audience can be placed on stage and the artists to perform in the hall, etc.

The physical evidence also refers to practical aspects that ensure basic comfort such as parking possibilities, adequate thermal comfort, cleanliness, etc.

8. Public

Whether we analyze this variable from the concept of segmentation or see it as an additional element of the artistic marketing mix, it represents the connection between the artistic and commercial sphere and can influence both dimensions.

The economic impact of the satisfied, motivated, and faithful public is obvious, but, along with the resulting advantages, the public becomes an element of the marketing mix through the contribution it has in the actual artistic act and overall experience.

Specifically, the reaction and feedback that the public offers, including during the artistic act, influences the quality and results of the artistic product. Even in the case of staging based on the Italian scene (the standard, box-type scene, in which the audience and the artists are separated), the energy and verbal, nonverbal and para-verbal language of the audience convey motivation and inspiration to the artists.

In case of modern staging and directing, the degree of separation between audience and artists can be reduced and transformed. Artists may have the opportunity to step out of the stage context and interact with the audience by involving them to a greater or lesser extent.

Returning to the idea of experience as a synthesis of all the needs that can be met by participating in an artistic show, the modification of classical visions becomes a necessity and solution for the revitalization of the artistic product. The reduced barriers between audiences and artists and the inclusion of interactive and sensory dimensions in contrast to the passage of an epic thread, becomes an undeniable competitive advantage over the movie industry (Iyengar, 2010).

Therefore, in applying this solution, the public is a key element, like a distinctive branch of the artistic distribution “to be recruited" carefully. Its segmentation, understanding and analysis become mandatory measures for the success of the performance as well.

The presence in the performance hall of a random audience in the case of an interactive artistic product, automatically attracts the risk of reactions that may affect the success of the show. In this case, an approach focused independently only on ticket sales, could lead not only to a negative reputation on the market but even the failure of the ongoing artistic act.

The central points of interest, regardless of the issues raised, aim to always identify the areas of balance between the commercial and the artistic sphere. This aspect of the non-existence of an exact solution represents, on the one hand, the challenge of the field and, on the other hand, its finesse and uniqueness. The marketing strategy of an artistic organization describes directions, approaches, and possibilities with high proportion of flexibility and interpretation.

Often the demand for artistic products in the field of performing arts tends to be limited to a common reference point and recognizable features largely focused on entertainment or familiar landmarks. Thus, the exact satisfaction of these expectations implies, at the same time, a limitation of artistic creativity, restricting the creative and/ or expressive process of artists. The result determines faster saturation and accelerated trivialization of supply.

In conclusion, marketing an artistic product involves a constant search for the equilibrium point based on inevitable compromises to obtain an optimal recipe and, in most cases, in turn as or even more creative than the product or offer of artistic products themselves.

The main goal of this research is to identify the perceptions and attitudes of the spectators on the artistic product in stage arts in respect to marketing mix elements.

Methodology

The authors performed a descriptive research based on the interview method, having as main collection tool the targeted online questionnaire (Cosma, 2008). For the present study the research was conducted to better understand the reactions of the spectators concerning product features, price perception, distribution possibilities, physical evidence characteristics, support personal attributes, and promotion options. The questionnaire was organized into 5 sections. The first four sections were dedicated for analyzing the variables of the marketing mix and section 5 for demographic data of the participants.

Initially, in the collection process we opted for the administration of questionnaires in the online environment and completed it with questionnaires administered offline at the performances of the artistic institution from Cluj-Napoca chosen for analysis. Later, using an online platform - Lyric Opera Research Cluj RO and the acronym LyRO on the social media networks the collection process was completed.

For sampling, the identification of the total respondents' number started from the total capacity of 800-900 seats in the hall of the three major institutions in Cluj-Napoca: the Romanian National Opera in Cluj-Napoca, The Hungarian Opera and Transylvanian State Philharmonic, with an average of 833 seats, and a maximum of 90 show titles in one season cumulating the offer of all three institutions: the Romanian National Opera - 40 titles/ season, The Hungarian Opera - 30 titles/ season and the State Philharmonic - 20 titles/ season. This results in a total, ideal total population/ season of 74,970 sets. A standard error of 5% results in a need of 382 respondents if all of them would be available to participate in all 90 shows in the total offer.

Because the study was conducted at a very high level of accuracy by precisely targeting the audience inside the institution, during the actual performance of the shows, a total of 367 valid questionnares formed the sample for the present study.

Results and discussions

The socio-demographic profile of the sample is presented in the Table 1.

Table 1. Respondents' socio-demographic characteristics

Category	Items	Frequency	%
Age	Children <16	3	0.83
	Teenagers 16-23	64	17.72
	Young 23-35	67	18.55
	Adults 35-45	55	15.23
	Adults 45-55	69	19.11
	Adults 55-65	79	21.88
	Mature 65 - 75	24	6.64
	Seniors >75	0	0
Sex	Male	89	24
	Female	278	76
	No response	0	0
Studies	Gymnasiun	7	2
	Highschool	73	20
	Post-highschool	11	3
	University	136	37
	Master	106	29
	Phd	26	7
	Post-university	7	2

Category	Items	Frequency	%
Monthly income (in LEI)	0-1400	81	22
	1400-2000	48	13
	2000-2500	48	13
	2500-3000	33	9
	3000-3500	33	9
	3500-4000	33	9
	4000-4500	33	9
	>5000	59	16
Attending frequency	Weekly	26	7
	2 - 3 times a week	62	17
	Monthly	81	22
	Once in few months	103	28
	A few times a year	62	17
	Every few years	29	8
	Never	4	1

Source: authors' results

The main types of needs: entertainment, emotional, educational, spiritual, and social needs ware mentioned as being satisfied by stage arts (Figure 1). The largest share of positive responses is found in meeting emotional needs, the audience wants first and foremost special and personal emotional experiences. Secondly, the public is interested in the educational dimension, seeing in the product an opportunity to learn something new and to diversify its general culture. On third place is the spiritual need, the public being interested in a meditative framework of balancing through the consumption of the product. The need for entertainment is present in a lower share and on the last place was the need for socialization.

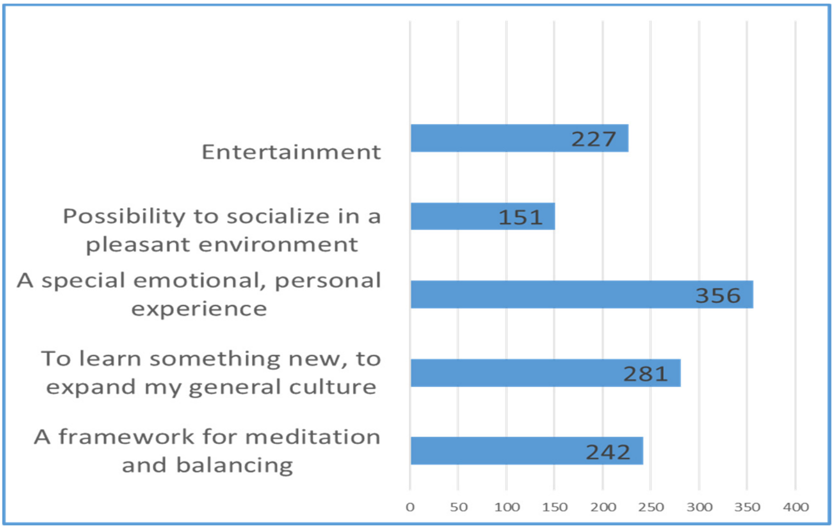

Figure 1. Respondents' expectations
Source: authors' results

Considering the product category, the most appreciated genre is opera, and the least preferred genre was considered contemporary ballet.

Other targeting possibilities result from the extra options suggested by consumers asked by the institution they visit more often. Besides the main institutions (Romanian Opera Cluj-Napoca, State Philharmonic, Hungarian Opera), they mentioned: Gheorghe Dima Academy of Music, the Students' Culture House and the annual Jazz in the Park event (Figure 2).

Campaigns applied to these locations could ensure a safe level of increase in the volume of customers consuming lyrical performances.

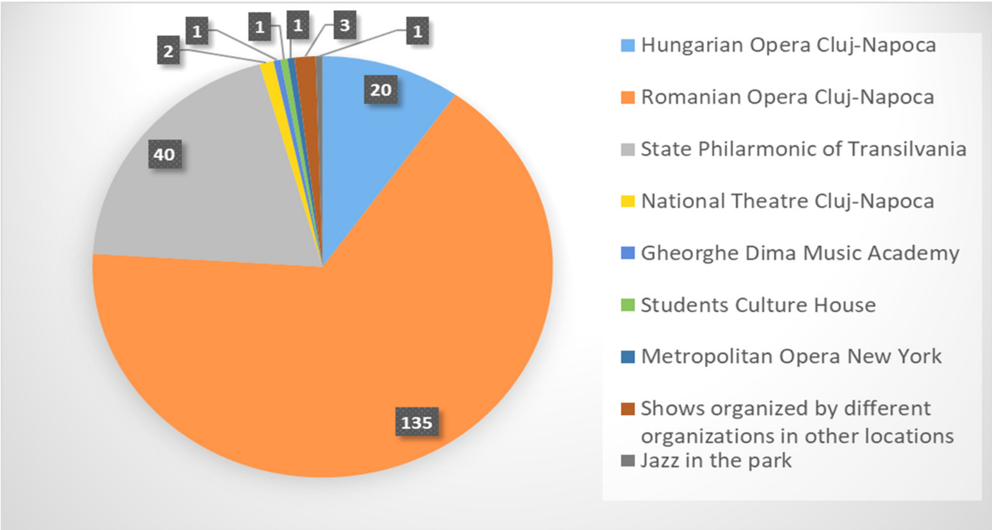

Figure 2. Attendance frequency
Source: authors' results

The study revealed that the criteria considered valuable and justifying for a higher price are visibility, acoustics, a cast with at least one notorious artist and innovativeness of the show. An average share was recorded by facilities such as: comfort, various activities in the foyer during the break or at the end of the show and notoriety of the event. Are considered unimportant the privileged position of the place, interactivity, and the presence of important people in public (Figure 3).

The average price resulted according to the analysis of the answers is 117.56 lei (approx 25 euro). Among the respondents were also people who stated that the price is not important to them.

A percentage of 43 of the respondents consider the prices charged by cultural institutions as average and justified for the offer. 32% believe that prices are high but fair for what is offered. For a percentage of 10 the price does not matter. 8% said that the prices of Cluj-Napoca cultural institutions are too high in relation to their offer and 5% see the prices as too low for what is offered (Figure 4).

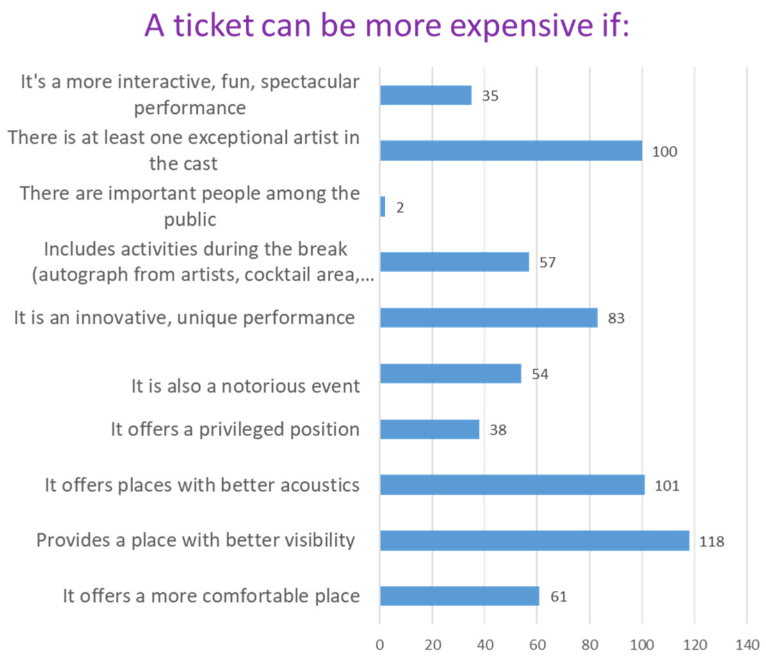

Figure 3. Reactions to price modification
Source: authors' results

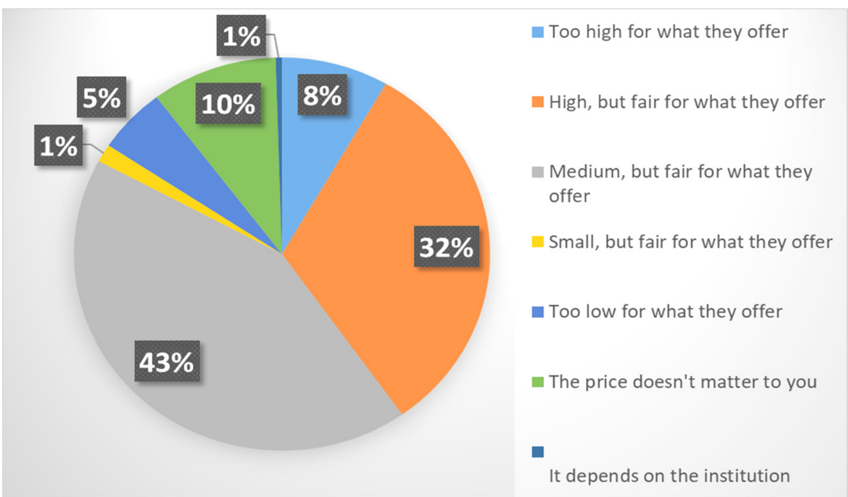

Figure 4. Reactions to price dimension
Source: authors' results

For 45% of respondents, the price did not prove to be the main element in determining the frequency of participation. A price reduction would not have a significant impact on them as much as the identification and resolution of other barriers that lead to a decrease in the frequency of participation.

The distribution variable includes, on one hand, the process of purchasing tickets and, on the other hand, the actual position of the venue of the show.

The term artistic distribution has a totally different meaning referring to the composition of the artistic team that usually varies from one show to another being rather framed in the product variable of the marketing mix. 33% of respondents prefer to buy tickets directly from the box office a few days in advance and a percentage of 5% buy on the day of the show. This results in a total segment of 38% who buy tickets offline. Almost double 61% buy tickets online: 28% on the institution's website and 33% on the Biletmaster platform. 1% participate by invitation only. They are also offered free of charge by the delegated staff of the institutions for certain reasons: families of the employees, protocol, awards etc. (Figure 5).

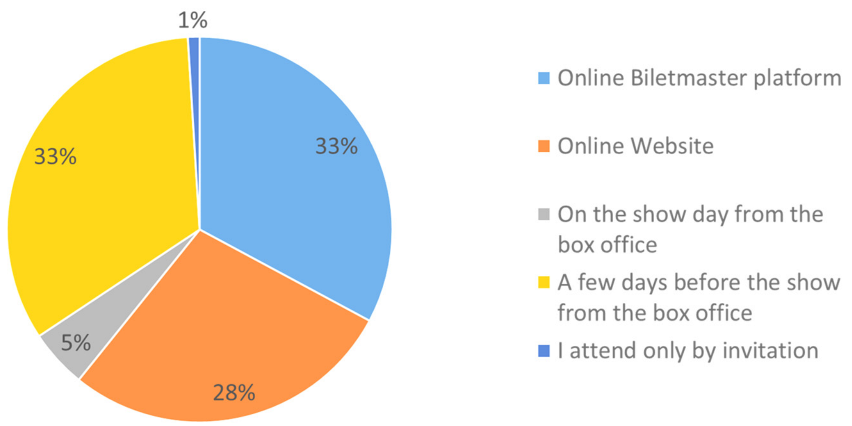

Figure 5. Preferred method for buying tickets/ subscriptions
Source: authors' results

A percentage of 33 of respondents travel to the show by car. This automatically implies the need to ensure an adequate number of parking spaces. When the entire performance hall is full, including about 800 seats, there is a need for 260 parking spaces. 28% of the public travel by bus or tram, these vehicles are also an excellent space for promotion. The 21 percent who travel by taxi could be targeted through collaborations with taxi companies or taxi applications. 17% of the public prefer walking. Parks and small businesses near specialized institutions could be excellent areas for displaying materials or actions to increase the interest of the public.

The performance time preferred by most respondents is 19.00 with the suggestion of several to include the option of 20-21 hours or a differentiation of working day / weekend and summer period/ winter period.

The performance venue is an essential part of the experience of a show. It includes the performance hall and the area outside the performance hall, the foyer where additional activities can take place or includes some artistic moments that are simpler and easier to assemble.

For the consumer, the entire interaction from the moment she/ he reaches the location of the show until departure, is a component part of the product. The stake is the state he experiences and, especially, the duration of the sensation with which he remains to offer recommendations and want to return.

We conducted a breakdown analysis of the foyer/ performance hall, and we took as a reference the three major institutions in the city: the Romanian National Opera in Cluj-Napoca, The Hungarian Opera, Cluj-State Philharmonic to monitor the degree of customer satisfaction. The evaluation criteria start from the elements that consumers have identified as important and justifying for higher prices in terms of space: visibility, resonance, comfort broken down into thermal comfort, comfort place (seat) and cleanliness, interior appearance as a scenic extension through a suitable design. We also included in the evaluation the behavior of the participating audience, a variable that can significantly impact the experience of a show depending on the attitude and energy transmitted. We added a score at the level of each answer as follows: very weak -2, weak -1, regardless of 0, good - 1, very good - 2. Based on these ratings, the average was calculated and a total for each characteristic (Figure 6).

Romanian National Opera Cluj	Score
Visibility	135
Sound / Resonance	193
Thermal comfort	138
Seat comfort	44
Interior appearance / Design	181
Cleaning	184
Participating public behavior	136

Transylvania State Philharmonic	Score
Visibility	144
Sound / Resonance	174
Thermal comfort	134
Seat comfort	70
Interior appearance / Design	88
Cleaning	160
Participating public behavior	171

PERFORMANCE HALL

Hungarian Opera Cluj	Scor
Visibility	119
Sound / Resonance	120
Thermal comfort	93
Seat comfort	72
Interior appearance / Design	62
Cleaning	122
Participating public behavior	116

Figure 6. Perceptions of the respondents on the physical evidence
Source: authors' results

The performance hall of the Romanian Opera in Cluj-Napoca was rated as having first the cleanliness and an adequate level of resonance. The main negative aspect is the reduced comfort of the seat in the hall. The Hungarian Opera performance hall also received the highest rating in terms of cleanliness. The main negative in this case concerns an interior design that could be improved. The hall of the Philharmonic was also rated in terms of interior design but also in terms of reduced comfort of seats. They registered a favorable score in terms of resonance but also in terms of the behavior of the participating public.

In evaluating the staff, the research was focused on the analysis of the staff with direct interaction with the audience on show time. It includes: the foyer coordinator, the placers, the people in the wardrobe and representatives of the PR team.

The evaluated criteria were kindness, promptness, appearance, and competence. The following grades were given: poor -2, poor -1, regardless of 0, good - 1, very good - 2 based on which the average was achieved and a total score given to each characteristic.

The Romanian Opera obtained the best ratings at the staff level. Almost all criteria were on average close to a good grade. For improvements, one criterion that could be enhanced is appearance.

The Hungarian Opera staff has the best results in terms of kindness and could invest primarily in appearance. As for Philharmonic, the results are very balanced. The first element that could be improved is, in this case as well, the appearance (Figure 7).

Romanian National Opera Cluj	Score
Courtesy	228
Readiness	208
Appearance	193
Competence	220

Transylvania State Philharmonic	Score
Courtesy	174
Readiness	173
Appearance	166
Competence	179

Hungarian Opera Cluj	Scor
Courtesy	150
Readiness	137
Appearance	129
Competence	139

SUPPORT STAFF

Figure 7. Audience' perceptions on support staff
Source: authors' results

A percentage of 53 of consumers tend to find out online and independently about the available offer of lyrical shows. Consumers access the websites of the institutions and analyze the available options themselves. The site is an essential resource for this purpose, the purchase decision can be greatly influenced by efficient management and its impactful content. Also, online but based on social networks: Facebook and Instagram social media platforms inform 21% of the public. 6% of respondents prefer street posters, 5% read articles in the field, 3% go directly to the ticket office and 2% said they prefer to ask a friend (Figure 8).

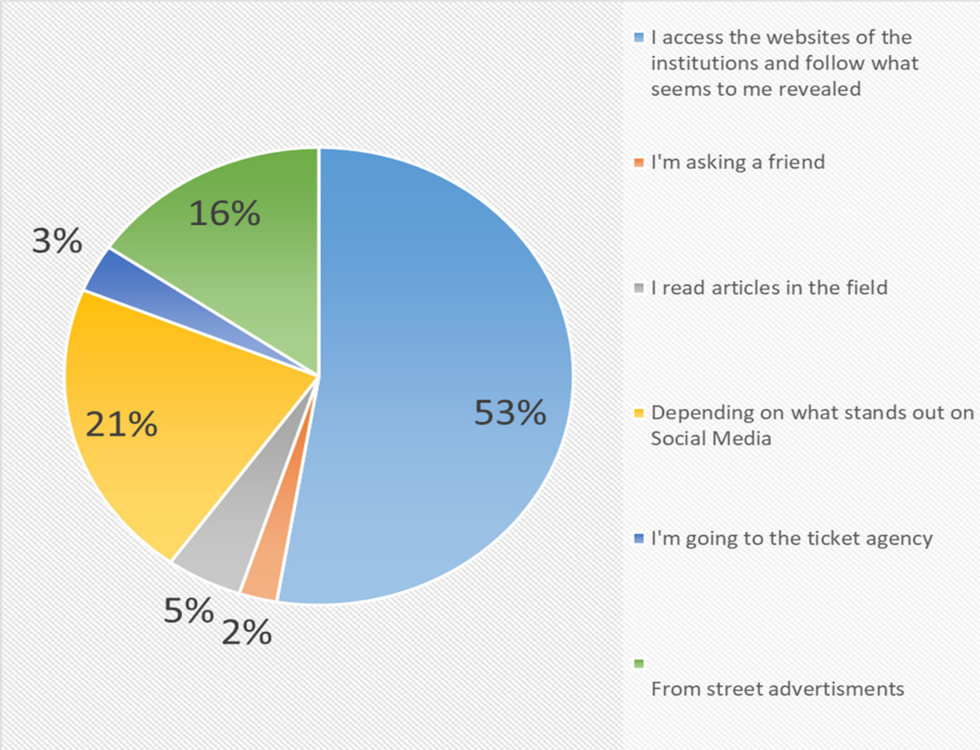

Figure 8. Preferred form to be informed about the offer of lyrical cultural institutions
Source: authors' results

The most effective promotion tools according to the respondents are the social media campaigns (Facebook and Instagram) with a percentage of 24.44%, the websites of the institutions with 22.83% and the word of mouth - recommendation of a friend with 14.79%. An impact to be considered is generated by the events on Facebook with 14.79% and the street display with 13.83%.

Low and very low percentages belong to online articles 2.57%, material received at another show 1.61%, radio ad 0.96%, online promotions or contests 0.96%, e-mail marketing 0.32%, shows or the TV interview 0.32% (Figure 9).

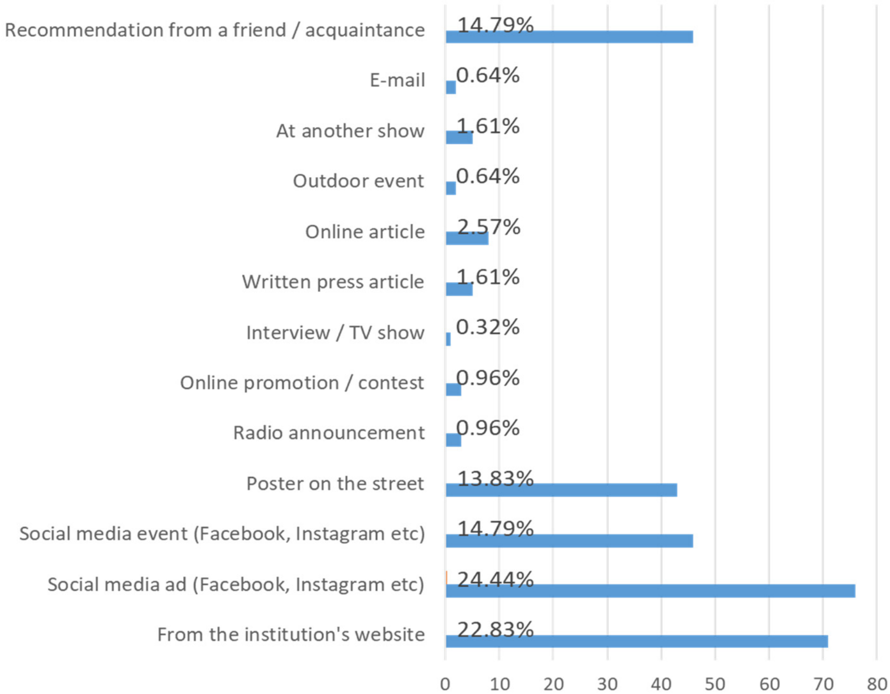

Figure 9. Main source of information about attended performance
Source: authors' results

Conclusions

The harmonization of the artistic with the commercial dimension is a complex process, but not impossible. The artistic product offers a complete experience that integrates all the elements of the marketing mix. The main purpose of the stage arts institutions is to find the best artistic product (experience) for the audience segments available. Each artistic institution or organization should carefully segment the market and target the right and accessible segments on the current market, avoiding approaching the product only in terms of the artistic performance. The market constantly changes requiring permanent adaptation. The whole marketing mix needs to be adapted accordingly to create the best possible experience.

In Cluj-Napoca, the main performance arts consumer is a female, between 55-65, with high-income, graduated a university, working in education with no qualification as artist and no practice in the artistic field.

The audience is most interested in enjoying a personal emotional experience. The price is accepted and is not of much relevance when the visibility, acoustics, and reputation of the artists on stage are optimal. The favorite genre is grand opera. The audience could buy tickets online especially if linked directly from the website but also directly from the box office. Best time to start the show is 7.00 P.M. The audience can be best targeted on social media and campaigns and social media events are recommended to be created. Is preferable to use campaigns encouraging recommendations and pay attention to the information on the website since the audience prefers to research them from this source.

The results offer diverse directions to balance the commercial and artistic perspectives by effective combination of the marketing mix. The optimal receipt to solve the dilemma appears sometimes to be more diverse and flexible than the artistic product since the marketing of an artistic product involves a constant search for equilibrium, vision while becoming, perhaps, an art form by itself.

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MODERN APPROACH OF ARTISTIC AND PERSUASIVE MARKETING COMMUNICATION

MIHAI-IOAN ROȘCA[1], ANGELA MADAN[2]

ABSTRACT. Persuasion sparks interest among the general public and marketers. Persuasive strategies activate discourses on responsible and sustainable business. This is an interesting phenomenon that needs to be studied, explained, and understood in order to destroy the myth among consumers. The purpose of this paper is to explore influence techniques used in marketing communication in order to test and develop a theoretical approach of art implication as a persuasive tool. This article, based on a secondary source case study, is reviewing the influence of art on consumer behavior. Related results from persuasive literature and survey results, based on 689 respondents, mainly from Romania, indicate that persuasive power has an impact according to the style of communication. Some advertisements try to increase persuasiveness, as a company's marketing communication needs to appeal to ethics and morality. Art represents "one of the world's most sacred cultural resources". Different categories of artwork are mentioned, as well as their degree of cultural recognition. Art and persuasion are also the main principles for luxury retailers. After a conceptual framework, we developed a study that embraced art and science. Studying art as an influence technique represents interest among marketers, as a notoriety topic, not enough studied. The implications and findings of this research suggest that persuasive techniques based on art require continued research. This paper helps to place this subject in a proper perspective and clarifies much of its confusion. The results advance specialty theory and provide insights for marketers.

Keywords: persuasion, art, influences technique, advertising, marketing.

JEL Classification: M31, M37, M39

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[1] The Bucharest University of Economic Studies, e-mail: mihai.rosca@mk.ase.ro
[2] Corresponding author. The Bucharest University of Economic Studies, e-mail: angela.madan@mk.ase.ro.

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Introduction

Marketing communication, as a link between consumer and company, is required to be implemented in a legal, responsible and with respect to its promises. Also, art and persuasion apply to an ethical approach. The research question of this article is to present a persuasive modern approach based on art. The research methodology is exploratory research based on secondary dates and the result of the survey. Its purpose is to explore opinions, motives, attitudes, and values. This editorial aims to develop the role of art and persuasion in marketing communication. In this paper, we were motivated to describe marketing communication processes.

The main contribution of our article is to describe the impact of art in marketing communication persuasion. The research adds to the scientific and academic literature theoretical notions of persuasive techniques and art implementation as a technique of marketing communication, also its role in company successful modern activity. This editorial contributes to the body of knowledge by theoretically underlining art-based techniques with influence on consumer behavior used marketing communication. In addition, it underlines the well-recognized marketing communicators that influence consumer behavior.

This study has a limitation as it is based on secondary data regarding art influence. The article contributes to future studies. This research brings added value to marketers and to the scientific literature. It underlines the persuasive techniques and art implication in marketing communication through poems, sculpture, paintings, and music. Also, one must study the art-based implication in the image of the city and country.

This paper concludes that culture and art can be considered as a modern approach to marketing communication. A complete summary of findings suggests that marketing communication techniques can expand to art implication that requires companies to change their long-term strategies.

Literature review

One may consider interpersonal persuasion as a change in consumer behavior by another intended person through communication. Over time, many studies have analyzed changes in people's attitudes after receiving persuasive messages. In economics, the literature on persuasion focuses on open consumer behavior. It is considered that there are differential prospects for persuasion of different kinds of ideas, products, or services. Also, distrusted advisors are discouraging the customers when the proposed solution lacks "the success criteria", regardless of its promise. It is a known fact that persuasion is increasing in solution demonstrability and falling in difficulty (Hoffmanna et al., 2020).

In the post-World War II consumer boom, these techniques, employed by the marketing industry, were firstly mentioned in "The Hidden Persuaders" book. The book was initially criticized for being considered to promote subliminal techniques. However, it has helped to shape public opinion, advertising research, regulation, and practice (Nelson, 2008).

From the beginning, the art of persuasive communication was called rhetoric, the science, and the art of persuading. It is considered that in any company persuasive marketing communication is the base of "understanding, cooperation, and action". The performance capacity of the company is essentially dependent on "the content and nature of the communication". Marketing communication can have both a positive and a negative impact. The authors assume that a positive impact causes information to spread, achieve desired behaviors, or objectives. Otherwise, it may distort the message to cause frustration or tension (Sabie & Androniceanu, 2012).

Dissimilarity conditions and similarity impact were used as a benchmark in a study, as source characteristics that positively influence persuasion attempts. Earlier research assumed that customers ignore the dissimilar opinions of others. However, more recent ones have argued that the dissimilarity may lead to "preference and choice contrast". These perceptions trigger "a more general hypothesis" of dissimilarity. A contrast of preferences is determined by the tendency of people to "interpret the provided opinion in a way that confirms their hypothesis of dissimilarity".

One may consider that the "emergence of preference and choice contrast due to dissimilarity and support the proposed mechanism" (Tuka et al., 2019). It was considered that the study of fine politics, as a "social" tactic or index, has been directed to persuade the beneficiary of intentional dynamics (Ervin-Tripp et al., 1990).

Companies are using social media techniques through the theory of entertainment persuasion by incorporating different communication strategies to reach stakeholders. It is a known fact that these strategies and tactics have a statistical correlation with the popularity of the company, even if persuasion is incorporated modestly (Watersa et al., 2012). Customized advertising was examined in the academic literature as a part of marketing communication. It is a known fact that it is represented by the customer's intervention in the advertising process, mainly personalized with specific elements of a personal message or in collaboration with others. Otherwise, personalized advertising is something that "happens to the viewer". Customer advertising is defined as a modification in marketing communication that is generated proactively by the customers, as opposed to the company. The authors assume that as customization increases, so does the perceived empowerment of the customer relationship with the company, the sense of commitment to the task, the perception of the company's integrity, trust, and also attitude toward advertising (Olsena & Pracejusb, 2020).

Previous persuasive messages are considered to influence subsequent persuasive messages. The target message has an impact on consumer attitudes when precedes an initial stimulus about something else containing less information. This effect encourages "perceived knowledge" with respect to the target message. When customers are persuaded by a key variable to present an influencing message, but initially receive another stimulus that contains information about something else, then the initial stimulus has "a contrast effect" on perceived knowledge that influences target attitudes.

It is considered that customer attitudes can be persuaded by the information perceived from a message transmitted "in the absence of any differences" in real knowledge (Tormala & Petty, 2007). It is also a well-known fact that influencers persuade others by "highlighting a target's achievements". For example, a company or a person is the top-rated. The authors assume that "highlighting a target's potential" is an even more effective strategy, such as that a company or person can become the top-rated (Kupor et al, 2014).

The construction of 'pricing tactic persuasion knowledge' is also considered a moderator of the preference for 'partitioned versus combined pricing', according to a study of persuasion knowledge, pricing, and mood. Persuasive knowledge is defined as consumer awareness of a company's motives and tactics used to persuade them to "buy" a product or service. This concept has been extended to the price field. This argues for different levels of customer awareness of the intent to emphasize "marketers' pricing tactics" (Dasa et al., 2020).

One may consider a study that examined the effectiveness of persuasive arguments in negotiations and their impact on the style of marketing communication. The type of persuasion tactics used has a significant impact. One of the positive or effective tactics is to inform the customers that other companies have managed the same issue in a consistent manner, with a required preference. The findings, also confirmed by the persuasion literature, point to the widespread power of social validation. It is considered that the fact that the customers offer more concessions has a positive evaluation and is more satisfied with "the negotiation outcome" when the company argues using a cooperative style of marketing communication. Companies can benefit from the use of persuasive tactics to achieve desirable negotiation outcomes (Perreault & Kida, 2011).

Positive results were reported after studies on "the elaboration likelihood model of persuasion" for the development and testing of "a model of persuasive influence". For companies that have the capacity and motivation to be more careful in their activities, the issue-relevant information matters most. Identity cues have an influence when adopting a group among inexperienced companies and those with smaller transaction amounts (Allison et al. 2017).

Different persuasive strategies activate people's discourses. Rhetoric is ubiquitous and persuasive. It focuses mainly on *ethos* that is credibility, *logos* that is reason, and *pathos* which is emotion. Reports from New Zealand companies promoting communication speeches on "the proper role of business in society" indicated that "persuasive strategies" facilitate social effects and that business organizations appear to be "trustworthy". It is considered that in a company the language of marketing communication used influences the way "social actors" think, feel, and act (Higginsa & Walkerb, 2012). Friedman (1988) used techniques "to reveal" rhetorical strategies, for this purpose he analyzed interdependent essays and poetic function. Based on a case study of writing research, one can consider a rhetorical detail "the work in the constitution of the discursive field" and literary theory.

Material and method

The research method of this paper is exploratory research based on secondary dates and the result of a survey. Its purpose is to explore opinions, motives, attitudes, and values. The empirical analysis was based on 689 respondents (55% women and 45% men; 83% from urban areas). The response rate was 73% of the overall inclusion of the population (see Table 1), and the majority of the sample respondents were from Romania.

This research is a conceptual paper that aims to develop the role of art-based persuasion in marketing communication. Persuasion as a form of social influence is more effective when there is personal contact between the communicator and the marketer with the consumer. Entities that incorporate the principles of persuasive communication are considered to increase the probability of success in "encouraging" the change in consumer behavior (Clarke, 1999).

Table 1. Case Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
$Decisive when buying *Men Women	511	74.2%	178	25.8%	689	100.0%

Source: Authors' own processing based on survey results

Table 2. Decisive in the buying process*Men Women Cross tabulation

When you make the decision to buy, what interests you the most?			% of the total number of respondents	Men	Women	
$ Decisive when buying [a]	Price	Count	30.72%	69 (44%)	88 (56%)	157 (100%)
	Quantity	Count	69.67%	162 (56%)	194 (54%)	356 (100%)
	Quality	Count	16.05%	39 (48%)	43 (52%)	82 (100%)
	Packaging and label	Count	83.76%	197 (55%)	231 (45%)	428 (100%)
	Color	Count	93.74%	217 (49%)	262 (51%)	479 (100%)
	Presentation	Count	78.86%	186 (58%)	217 (42%)	403 (100%)
	Company's reputation	Count	72.02%	169 (62%)	199 (38%)	368 (100%)
	Hometown	Count	96.48%	219 (47%)	274 (53%)	493 (100%)
	Country of origin	Count	78.67%	177 (56%)	225 (44%)	402 (100%)
	Taste, in the case of food	Count	60.08%	138 (67%)	169 (33%)	307 (100%)
	Persuasive marketing communication and/or promotion	Count	94.91%	223 (49%)	262 (51%)	485 (100%)
Total		Count	100.00%	228 (45%)	283 (55%)	**511 (100%)**
Percentages and totals are based on respondents.						
a. Dichotomy group tabulated at value 1.						

Source: Authors' own processing based on SPSS analysis

After an SPSS analysis (see Table 2), mainly consumers confirmed that are interested mostly by company hometown (96.48%), persuasive marketing communication, promotion (94.94%), color (93.74%), followed by packaging and label (83.76%), presentation (78.86%), country of origin (78.67%), company's reputation (72.02%), quantity (69.67%), taste, in the case of food (60.08%), price (30.72%) and quality (16.05%). The descriptive analysis of consumers' attitudes regarding the decision in the purchasing process confirms that persuasive marketing communication has an impact both for women (51%) and men (49%) in decision making (see Table 2).

The present time is characterized by an increasing focus on "science and the scientific method", while art is required to be studied. It can be considered "a multilevel field" of research that embraces both the perspectives of art and science. It is assumed that the revision of eclectic and holistic thinking might encourage "both art and science" in future research (Caniato et al., 2020). Culture is symbolic communication, while art is a form of knowledge. Arts-based initiatives provide benefits for companies, while marketing incorporates art to "add value for consumers" (Estes et al., 2018).

Cultural marketing

Culture is "an essential element of economic development, social regeneration", and a good indicator of "quality of life" or individual well-being. As an example, for the development of a city, it is important to study the cultural potential, also to identify a good cultural strategy of the central piles (Plesa, 2009). As for cultural organizations through suitable promotion, they can create a "positive image" for products (Muhcina & Moraru, 2016) The imaging strategy is effective in increasing persuasion, which is why marketers have a tendency to ask the consumers directly to "imagine arguments" that support the message of the advertisement. This technique is most effective when used "to enhance the motivation level" of otherwise unmotivated consumers (Silvera et al., 2014).

Intermediate persuasion work is often seen as a hidden "aspect of urban cultural policy". At the core of the achievements in developing "a hybrid cultural-industrial policy" are considered visions of creative cities based on the novel. Welfare-based traditional arts policy considers "the internal processes and dynamics of culture" as a production system (Bennett, 2020). Advertising persuasion, as a marketing tool, may also differ depending on "different languages and/or dialects". A Chinese study based on the influence of product involvement and advertising appeals assumed that the persuasion of advertising about a speaker's accents is noticeable. These findings have implications for advertising marketers in a multilingual environment (Liu, et al., 2013).

It is essential that influential practitioners appeal to ethics and morals. The authors assume that studies of Romanian images, from English travel writings, have been manipulated in order to meet readers' expectations. This can be problematic in "terms of ethics" (Sasaiac, 2020).

Art is one of "the most sacred cultural resources in the world". The total value of the artworks, "currently in circulation worldwide", is estimated to exceed $1.5 trillion. Culture-based assets and art are classified as difficult to value. The evaluation of works of art is considered at an international art institution based on an analysis of "art valuation" agents in the United States of America, Australia, and individual participants. It is a known fact that there are four categories of artworks "according to their degree of cultural recognition", mainly decorative, emerging, trending, and blue-chip art. The valuation of artworks by categorization according to the interpretation, accreditation, and design of the value of cultural significance is both hierarchical and efficient (Plante et al., n.d.).

The role of social influence in "the art market" is substantial (Ternovski & Yasseri, 2020). Museums' and galleries', as well as sculpture galleries', roles are as "guardians of the past". They can be considered to continue to provide "sacred domains" in which to explore "ancient spiritual reveries". As part of the social economy, they are affected by "the tides of change", for which a network of directors, curators, and designers is recommended to meet the intellectual and social "expectations" of public (Ryder, 1992).

Museums are also part of a country's culture. Until recently, museum marketing tended to ignore the competition and considered exhibits to be "more important" than providing services. However, some museum professionals have tried to involve visitors in "the active creation" of the museum experience (Komarac et al., 2017).

Celebrity credibility can also be considered "a peripheral element" in a persuasive communication context. The authors assume that "celebrity credibility" acts only by internalizing the dual role (peripheral and central) with persuasive effects, uniformly on "different product involvement levels" and brand-purchase motive types (Hedhli et al., 2021).

Persuasive marketing communication through art

Companies use art in marketing communication. A marketing campaign illustrated the brand as valuable. Some campaigns have implemented art as an allusion to either "recreating famous works of art" or included art as a background for the advertisement, as well as art prints on packages (Estes et al., 2018). It is a known fact that the luxury retail strategy differs from other retail strategies while offering an aesthetic brand ideology. The luxury industry is based on the principles of "art and magic". Their strategy enlists "magical and aesthetic principles" both within and without the store. The authors assume that luxury brands are like works of art. They similarly possess "an aura of authenticity" that surrounds the original work, while endowing it with qualities of "uniqueness, distance, and otherness". Luxury retail marketing aims to "generate awe rather than community". In addition, luxury brands, such as Louis Vuitton, Dior, and Chanel, are linking their craft skills and know-how with the artistic director (Dion & Arnould, 2011).

Some studies have tested an emotion-based model, created by advertisements, by increasing the infusion effect of art or due to the perceived product value created by artworks (Vermeer, Leonardo da Vinci, and van Gogh). Authors assume that the art infusion effect affects brands. Emotions are an essential mechanism by which art affects brand valuations (Estes, Brotto, and Busacca, 2018). For art marketing, it is important to find the required methods in promoting, such as special promotions, "presentations and booklets", for example, an advertising magazine. Marketing, culture, and sales can be considered as a concept. The thesis of "selling image transfer" was also put forward, the need to find arguments to sell to "the right customer" before moving on to its strategy (Zorn and Koidl, 1991).

Poems, as part of art, are structured "poetic exercises" that may be used in different theoretical persuasions (Gladding, 1985). Rhetorical interpretation contributes to argumentation. Modern science perceives rhetoric as an art of persuasion and communication. Part of persuasion is due to the person's "appeals to the emotions" and the "character of the speaker". While as a part of the verbal communication field for organizing information, it is based on speech and written presentation (Finocchiaro, 2011). Persuasion was also comparatively analyzed with the power distance (Orts, 2016). The authors assume that language is important in structuring shared perceptions" among stakeholders" within an industry (Blanc & Huault, 2019).

Music is an art that promotes emotional purchasing. Music can be made available to the public through a mobile application, like iTunes (Ogden et al., 2011). It is a known fact that music is good for people. It can be in its various forms "engaging, emotional, physical, personal, social, and persuasive", promoting the synchronization of movement. These musical capacities or properties interact with brain function. In this sense, a model has been developed that takes into account "the profound value" offered by the music of human well-being (Brancatisano et al., 2020).

The interactive music application, for "the design of e-commerce websites", has been investigated to create an engaging consumer experience. There has been a positive effect of background "interactive music" on the consumer. Consumers were "more effectively engaged in the shopping task compared" due to a higher level of novelty (Hwanga & Ohb, 2020). An ethnographic study of "the literacy practices" described voice manipulation as part of rhetorical considerations and sound design (Castillo, 2020).

Results and discussions

Marketing has extended its approaches to a modern perspective. Modern persuasion techniques implemented in market communication have not been extensively researched at the scientific level. The empirical study confirms that persuasive marketing communication has an impact when the consumer makes a decision. For this purpose, it is advisable to extend studies on persuasive techniques used in marketing communication. The persuasive role based on art in marketing communication is noticeable in society. When we study the evolution of persuasive techniques that are used in marketing communication, we elucidate their importance in the modern approach. This editorial describes marketing communication processes based on persuasion and art. The research topic comes from the extension of marketing communication techniques that have required change. The current period is marked by a change in the way of life of the population. This analysis indicates the role of art and culture in modern life in order to increase persuasiveness.

The research contributes to the academic and scientific literature. First, it contributes to the body of marketing knowledge through the theoretical notions of persuasive marketing communication and the analysis of persuasion perception by survey respondents. Second, it indicates the impact of culture as a marketing communication technique and as a social form of persuasion. This research evaluates and describes the complexity of marketing communication. Third, this study assesses the trends in modern art used in marketing communication. It can be concluded that art as a modern trend can have a considerable impact on marketing communication. Our editorial has also studied the implementation of persuasive techniques to describe new marketing communication processes.

Conclusions

The main contribution of this article is to describe the impact of art as a technique of persuasive marketing communication. The review allows the hypothesis that art is an essential element of marketing communication that can contribute to the well-being of a person, a company, and even society as a whole. This art-based persuasion is of strategic importance to the company's future, as market mobility and new marketing communication trends require the creation of a favorable environment in a short time.

More extensive research on the level of art-based persuasion of marketing communication can provide valuable information. However, this research brings added value to marketers and the scientific literature. This article also proposed a contribution emphasizing persuasive techniques and art integration in marketing communication through poetry, sculpture, paintings, and music. A study of art-based integration in city and country image is recommended. Finally, this study contributes to further larger studies and requires continuous research. It provides a basis for future studies of marketing communication techniques with the implementation of art as a persuasive strategy. The suggested future direction of studies could examine persuasive marketing communication with respect to the effect of the art effect on the consumer.

Marketers are facing new opportunities and challenges due to the modernization of marketing. The managerial implications of the editorial present usefulness to run successful marketing communication campaigns. For the business environment, from a managerial perspective, the results concluded that successful companies tend to allow marketers to manage the company's strategy. The editorial also suggests that a company should evaluate all marketing communication techniques and then fulfill its promises in order to satisfy the customer and to make a profit.

Furthermore, our findings indicate that since persuasive marketing communication is already an extensive literature, it has not been researched from a cultural or artistic point of view in order to meet or exceed customer expectations. The complete summary of the findings suggests that marketing communication techniques may be extended to artistic implications. In conclusion, persuasive communication has faced recent modernization changes that are forcing companies to change their marketing strategies. This is the first research to explore this issue in such a complex and modern range. The editorial emphasizes the range from traditional persuasion to modern art-based marketing communication.

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THE INFLUENCE OF ORGANIZATIONAL CULTURE IN STRATEGIC TRANSFORMATION THROUGH MERGERS AND ACQUISITIONS CASE STUDY: FOOD INDUSTRY IN ROMANIA

CRISTINA IOANA PIPER[1]

ABSTRACT. The business environment is a living organism that is continuously moving and evolving. To perform in this dynamic environment, companies need to increase existing resources, including through mergers and acquisitions. Mergers and acquisitions in Romania have had significant growth in recent years, and among the most dynamic sectors of the economy is the food industry. During the pandemic, according to Global Data, M&A in the Food Sector dropped 38%, however, it is expected that the trend will increase in the next few years. The experience proves that, despite their popularity, many mergers and acquisitions are not successful because they anticipate synergies that are not fulfilled. In addition to strategic fit, there is a strong relationship between the success of an organizational transformation and the organizational culture. The present study tries to identify the mechanism that ensures the success of the transformation process through mergers and acquisitions. The research aims to identify the models and mechanisms that ensure the success of the transformation process, from an organizational culture perspective. Finally, summarizing the results of this research, we could suggest helpful interventions in the organization going through mergers and acquisitions. In this way, businesses can limit the negative effect of the transformation processed and improve their chances of performance.

Keywords: organizational transformation, organizational culture, mergers and acquisitions, food industry

JEL Classification: G34, L2

[1] Lucian Blaga University, Institute for Doctoral Studies, Management, Sibiu, e-mail: cristinaioana.samu@ulbsibiu.ro

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Introduction and literature review

The business environment is a living organism in continuous movement and transformation. The only constant thing is perpetual change. The opportunities are continuous and dynamic, and companies are living effervescent lives. To perform in this dynamic environment, companies must adapt their capabilities, competencies, and resources at all times. To win and consolidate competitive advantage, they need to grow resources. The issue of creating and growing resources and capabilities is an all-time strategic focus of companies, and sometimes the tools used to respond to these needs are mergers and acquisitions.

The mergers and acquisition (M&A) market in Romania was constantly growing – according to Deloitte, the estimated value of those M&A transactions in 2019 was between 1.4 and 1.6 billion euro (https://www.romania-insider.com/romania-mergers-acquisitions-2019). PwC estimated that in 2019 there were more than 200 transactions and that this market would increase in 2020 (https://www.pwc.ro/en/press-room/press-release-2020/pwc-romania-study--romanian-m-a-market-increased-by-4--year-on-y.html).

FMCG and the food industry are among the most dynamic sectors. According to Global Data, in the first six months of 2020, the global M&A market was valued at 10.09 billion dollars with an annual increase of 7.6%.

The decision of merging has multiple reasons: lower costs, higher competencies, reducing the intensity of the competition, increasing the competitive advantage, new capabilities, new distribution channels, and generally increasing the added value. The logic will then assure us that, being the spring of increased added value, the M&A should work flawlessly every time. But the experience shows us that “despite their popularity, M&A are not always working. A lot of M&A are not providing value to shareholders because they anticipate synergies that do not materialize (Rothaermel, 2017).

Beyond strategic fit, there is a strong bond between organizational culture and the success of the organizational transformation.

The company culture means that the organization members are sharing and living collectively the values and norms of the organization, and this eventually models their behaviors and attitudes. Understanding how organizational culture impacts the transformation process is essential.

There are two ways companies are growing: organically, by reinvesting profits, or by M&A. Sometimes, in order to gain/keep the competitive advantage, the companies need VRIO (value, rarity, imitability, organization) resources. Those resources can be built, borrowed, or bought.

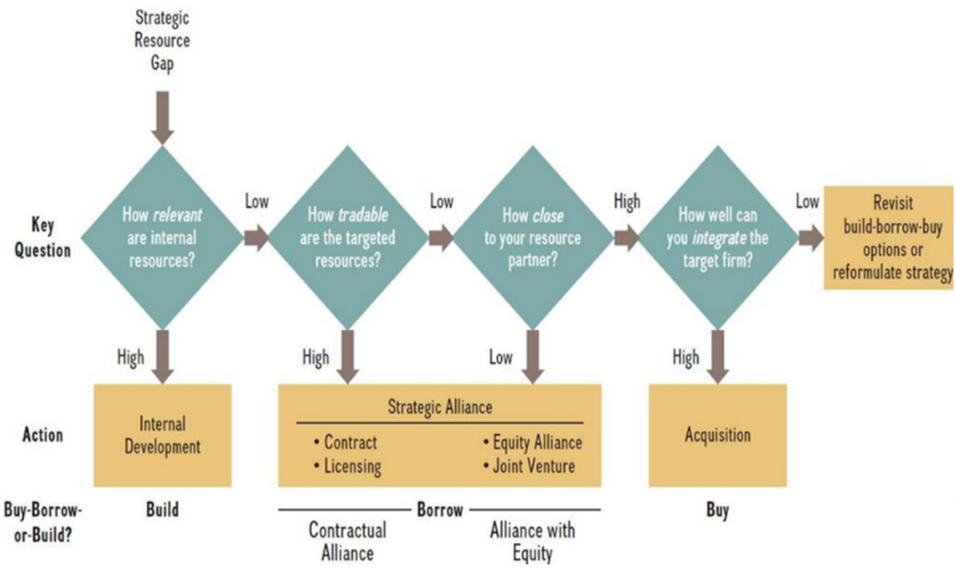

Fig. 1. Strategic decision for growing
Source: Rothaermel (2017), Strategic Management; www.chegg.com

This research focuses on buy and its implications. It is obvious that when it comes to buying, we are speaking, in fact, of the takeover of a company by another one. In that case, the size really matters – when the two entities have about the same size, there is a merge. When one of the companies is significantly smaller, we deal with an acquisition. We will refer to both as M&A.

Strategic Management

Effective strategic management is the foundation of the real competitive advantage, and the first step to creating it is to establish the mission, vision, and core values. The purpose of the company, the ultimate objective from where the building begins is the mission. The mission is the expression of the highest aspiration: I communicate where the organization wants to go and inspire the members of the organization, but also the partners. As Rothaermel (2017) notices in strategic management, there are two types of mission statements:

- **Mission statements oriented to the products,** a rather nearsighted perspective which defines the mission as a good product or service;
- **Mission statements oriented to the customers,** the kind of statements defining the mission depending on the client s expectations, assuming to offer them solutions that are meeting those needs. As Rothaermel (2017) notices, there is a link between the overall performance of the company and the mission statement; generally, those mission statements focused on the customer, with a clear vision behind and with structure following the mission statement are better performing.

The vision describes what the organization does to fulfill the mission. Usually, the vision is expressed by action verbs and represents the strategic commitment over 5-7 years. Being a commitment, the vision has an obvious cost – it is difficult to review it.

The cornerstone of the strategy is the value set, those principles in which the organization strongly believes and that shape the way to act, to decide, or to assess performance, meaning the organizational culture.

Strategic leadership describes the way leaders use power and influence to fulfill the company’s strategy.

Strategy formulation involves answering concrete questions: Where and how are we acting on the market (industry, markets, geographies). The business strategy refers to the way we are competing on the market, choosing between *cost leadership, differentiation, and value innovation*.

The functional strategy covers the implementation of the business strategy. Companies with a healthy strategy create added value. They can offer products and services at a competitive price while generating profit; both parties benefit from the added value, and this way they influence the overall society. The strategy represents the difference between success and failure, and even more when transformation processes occur.

Organizational culture

The concept became popular in the 80s-90s, and it was pretty vague at first, mentioning some of the things that portray the organization, but with no details. However, in recent years, the literature enriched the concept and today we have extensive references to organizational culture.

The dominant idea is that the culture of the organization is created by formal and informal values and norms, developing naturally while the organization adjusts to different internal and external pressures. So, the identity is created, the soul of the organization is shaped. Briefly, the organizational culture is about thinking, attitudes, beliefs, and rules that exist in an organization, sometimes well-known not only by the organization s members but also by other players in the market. To this set of values and norms, first, adhere shareholders, followed employees, and other players.

The organizational culture has multiple roles, but the most important is to create the company's identity. In addition, it facilitates involvement and participation beyond personal interest. Culture reinforces the social system. Culture dictated the standards and the working procedures; this is the way we do things here. Culture is the social glue that influences organizational behavior and climate.

Organizational culture consists of lived values, dominant leadership style, language, symbols, procedures, and routine, and the success definition. Within the organization, the different departments, subsidiaries, functions, and hierarchies may have different cultures, in fact, subcultures. Generally, any organization has one dominant culture and a set of subcultures.

In fact, this is how we must perceive the terms of strong or weak with regard to the organizational culture: they are not negative or positive attributes but describe how the organization has an accepted and reinforced culture at all levels and at all the organizational layers. *In a strong culture, the values of the organization are equally held and shared intensively, unanimously* (Robbins, Judge, and Breward, 2003). This unity of principles, values, and thinking generates a strong culture that causes engagement, low turnover, and better performance.

Although initially the analysis of M&A and strategic transformation were dominated by a strategic, financial, operational perspective (Lee & Coleman, 1981, Smith, 1993), the subject of the dynamic of human relationships and organizational culture is considered (Bowdieth & Buono, 1982, Fletcher, 2006, Schroeder, 2012, Cooke & Lafferty, 2015).

Bowdieth & Buono (1892) understood that no matter what the purpose of the M&A is, no matter what the hostility level is, no matter what the chronology of events is, there are quite abundant psychological consequences of the organizational transformation. We are talking about stress, fears, tensions, and incertitude. And that the organizational culture influences the humans behind those psychological issues.

To ensure the success of the transformation processes, Fletcher (2006) recommends a special focus on five key elements: leadership, *governance*, communication, processes, and performance management systems. The researcher recommends that we assess the organizational cultural elements early in the transformation so that the harmonization conversations are as open and constructive as possible. Issues related to cultural integration have significant risks in any M&A process *that can affect and destroy the added value of the transaction* (Fletcher, 2006).

Gunter (2006) warns that in M&A processed, the organizational culture is a key point, especially when it comes to entities of different nationalities and different geographies. The willingness to change of employees is critical, and this willingness is the result of a learning process. *Where companies understand that integration is a learning process and the acquired company is regarded as having complementary values rather than opposite values, capabilities will be by far used to achieve post-acquisition performance. Successful integration depends on how well it is managed by elementary humans.*

Schroeder (2012) also feels that the greater risk when it comes to organizational transformation is the low consideration for the organizational culture. To mitigate those risks, Schroeder is proposing an approach based on art and science. This also includes a communication strategy and the development of a system to measure performance (Schroeder, 2012).

Cooke & Lafferty introduce a model of the organizational culture inventory. According to OCI, there are 3 types of culture: (1) constructive, (2) passive defensive, and (3) aggressive defensive. This diagnosis system uses a tool named Circumplex, based on the perception of the individuals, teams, managers, and organizations (https://www.human-synergistics.com.au/about-us/the-circumplex). OCI assesses 12 norm sets that describe the behavior implicitly or explicitly expected by the organization. In fact, Cooke and Lafferty (2015) believe that it is not the strategic elements – mission, vision, core values – that create the organizational culture, but the structure, the system, the technology, and the competencies that shape the culture. According to them, culture is shaped by structure, and we face an *ideal culture* and an *operating culture*.

While using this tool, Cooke & Szumal (2005) notice that the framework still needs to be tested and validated.

Cameron & Quinn provided us in their paper *Diagnosing and Changing Organizational Culture* (1) validated tools for the diagnosis of the organizational culture and management skills (2) a theoretical framework for understanding organizational culture (3) a systematical strategy in order to conduct changes in organizational culture and organizational behavior.

The framework proposed by the Canadian researchers describes organizations based on two dimensions. The first dimension – flexibility vs. stability – differentiates the organizations depending on focusing on dynamism, changes, autonomy, and organizations focusing on control, order, stability. The second dimension, internal focus versus external focus, differentiates organizations based on focusing on integration and unity versus rivalry, competition, and market. *What is notable about these four core values is that they represent opposite or competing assumptions. Each continuum highlights a core value that is opposite from the value on the other end of the continuum, flexibility versus stability, internal versus external. The dimensions, therefore, produce quadrants that are also contradictory or competing on the diagonal. For example, the upper left quadrant identifies values that emphasize an internal, organic focus, whereas the lower right quadrant identifies values that emphasize an external, control focus. Similarly, the upper right quadrant identifies values that emphasize an external organic focus, whereas the lower left quadrant emphasizes internal control values. The competing or opposite values in each quadrant give rise to the name for the model, the Competing Values Framework.* (Cameron & Quinn, 2012).

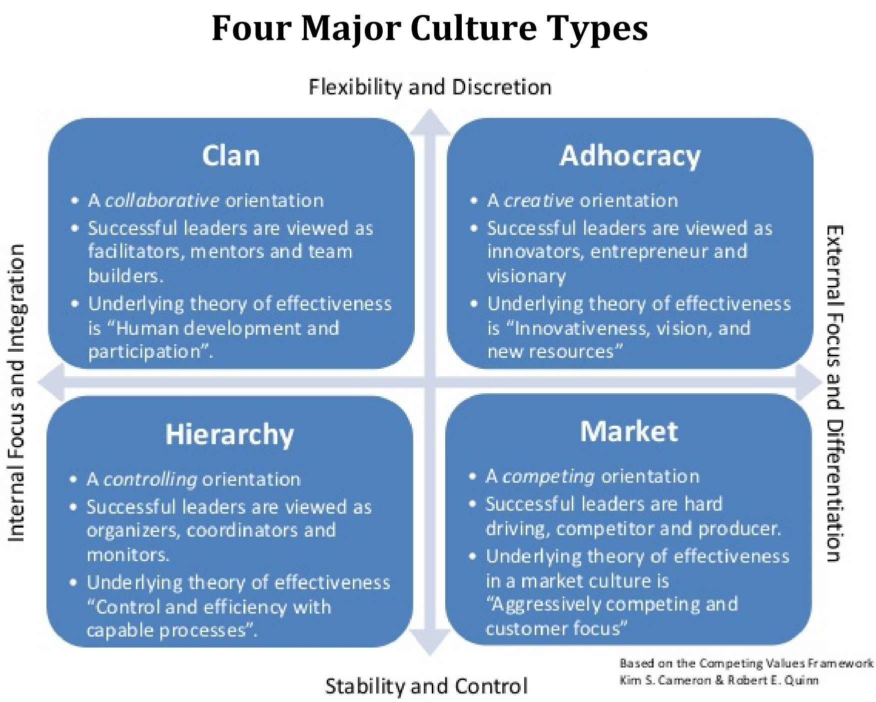

Fig. 2. Competing Values Framework
Source: Cameron & Quinn (2012); https://opinno.com/

Cameron & Quinn (2012) propose thus four major organization culture types:

1. **The Hierarchy Culture** – In the early 1900, the sociologist Max Weber studied the organizations that are challenged to produce goods and services in an effective way. He proposed seven attributes of the classical hierarchy culture: *rules, specialization, meritocracy, hierarchy, separate ownership, impersonality, accountability.* These seven characteristics will always create effectiveness and efficiency and ensure predictable results. This culture creates a structured and formalized workplace, where procedures govern what employees are doing. Leaders are proud to be coordinators and good organizers. All activities are a flow, and the effective way is an objective. The keyword is governance, standard, and procedure. The organization is bound by procedures and rules. Everything is well planned; the deadlines are met, and people focus on predictability and safety.
2. **The Clan Culture** – Defined by cohesion and shared values and principles, this culture offers a friendly workplace where belonging is the feeling of all members. People trust each other and share information openly, both professionally and personally. The organization is a large family, and the leader is a father figure, a mentor in the organization. The glue that holds the organization together is loyalty and trust. The level of engagement is high, and the morale of the troupes is rather high. The organization is highlighting the advantages of long-term development and pays special attention to developing people and taking care of customers. Teamwork is natural and conflicts are resolved constructively. The managerial style is a participative one.
3. **The Market Culture –** This culture itself is a market and plays by the rules of the market, economic mechanisms, and economic exchanges. The organization is highly focused on results, and the main concern is to fulfill the business objectives. Employees are highly competitive, and leaders are tough. Competition is embraced, even loved, and expectations in terms of performance are high. Profitability, financial results, and achievement of targets are valued. Success, reputation, and results are the key drivers. The desire to win is what holds the organization together. Success is measured exclusively in terms of market share, profitability, and financial results. The general climate is a conflicting one.

4. **Adhocracy –** In a dynamic era, where we are going from industrial to informational, where the life-cycle of the products is significantly smaller, innovation is the key to success. This culture is very dynamic, entrepreneurial, and creative. People take risks to bring innovation, and leaders encourage that. What brings people together is the commitment to creativity, experimentation, and the challenge to go the extra mile for innovation. The organization is very focused on gaining resources and on growing in order to be able to deliver more innovative new products. People are free to experiment, and everything is agile, fast, flexible, and on speed. Ad hoc is the keyword.

Cameron & Quinn (2012) observe that the organizations have, generally, a predictable evolution: usually, they start having a strong adhocracy footprint. As the organization grows, it becomes a clan. Continuous development brings a crisis that turns the organization into a hierarchical one, and in the end, the focus is changed, from the focus on internal effectiveness to the focus of being effective on the market, becoming a market culture. (Cameron & Quinn, 2012).

But when it comes to M&A, in a mature organization going through strategic transformations, the change of the organizational culture is not that predictable – in that case, we can discuss about a strategically planned transformation, and the success factor is the congruence between dominant culture, leadership styles, managerial roles, HR policies, and the quality management *(…) The congruence of these diverse elements in the organizations is the premise for high performance and the model we introduced here is a useful guide to improving the overall effectiveness of the organization and for facilitating the cultural change* (Cameron & Quinn, 2012).

Material and method

The present research wanted to prove, on scientific grounds, the mechanism that ensures a successful organizational transformation. What elements impact organizational transformation and how they impact it was the main research question. To do that, we reviewed the literature and we also developed a case study. In the case study, we looked at pre- and post-integration status of the company. A combination of the theoretical approach and a practical one was used.

It was aimed to conduct similar research on 4 other food industry companies in Romania to examine the influence the organizational culture has on the transformation process during M&A. Also a combination of qualitative and quantitative methods was used: the qualitative research was used to deeply understand the organizational transformations during M&A. This area will include SWOT, Ishikawa, 5 Why analyses conducted with 16-18 key persons from the 4 food industry companies, together with semi-structured interviews. The quantitative analysis will validate the findings in the qualitative area. It was aimed to implement a relevant questionnaire and to validate the correlation between the success of the M&A process and the cultural fit of the entities. The sample will consist of 400 employees in the 4 companies.

Case study – SC Solina Romania SRL Alba Iulia

In 2017, the newspapers announced that Supremia Alba Iulia, the most important spices processor in Romania, is taken over by the French company Solina.

Headquartered in Alba Iulia, Supremia was at that time the leader in the food ingredients sector in Romania. The company was established in 1993 by the businessman Levente Bara. In 24 years of activity, the company managed to export food ingredients in over 30 countries across the globe, with a portfolio of more than 2.000 customers. Gathering around him a team of passionate professionals, Levente Bara managed to fulfill his vision and became the leader of the Romanian food ingredients market. The rise of Supremia Grup is due to the constant investments in developing the employees, in the investments in state of art equipment, and to the Kaizen management system. The mission of the company, strongly oriented towards customers, has two pillars: on one hand, the company is offering innovative, dynamic performance to the customers, and on the other hand, it offers a development environment for the employees. *These two pillars of our mission compel us to have an innovative portfolio but also to focus on the organizational culture,* says the founder of the company.

In 2011, the mission and the vision are reviewed, and the management system started to be implemented in the entire organization. In 2013, the company became the international food industry Kaizen benchmark (Stoller, 2015).

The activity in Supremia is based on six values strongly shared among the organization members: integrity, continuous improvement, excellence, common prosperity, trust, and developing people.

Solina Group was created in France by a young and ambitious entrepreneur and is one of the top players in the food ingredient industry, having 14 production facilities, multiple research and development centers, and sales offices across Europe. The engagement of Solina Group is to their customer – customer-centricity is the value of Solina, together with the entrepreneurial spirit. This entrepreneurial spirit was developed also developed due to the long line of M&A the company conducted. The growth of Solina is both organic and by M&As.

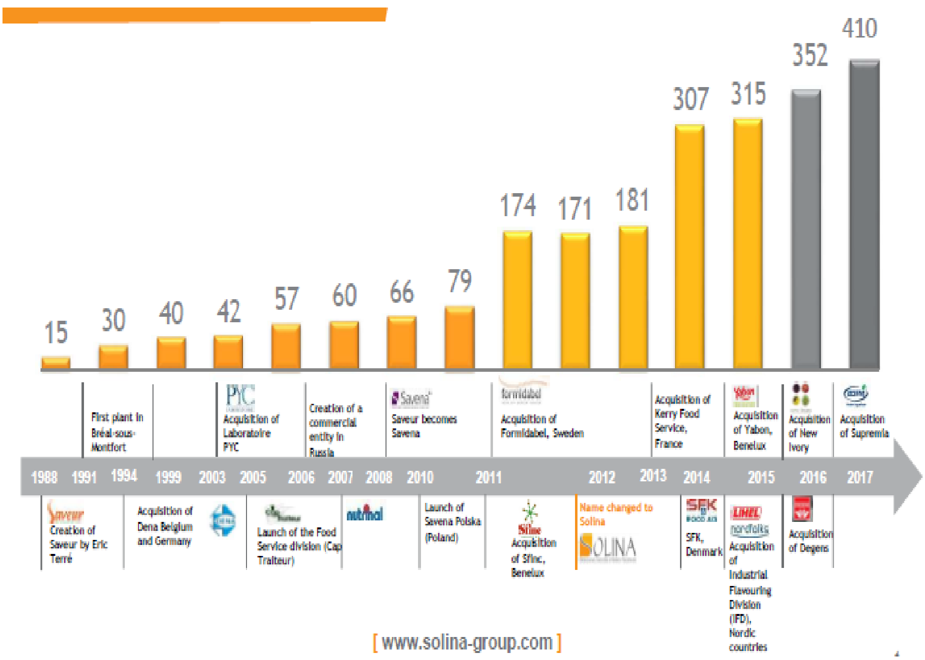

Fig. 3. The history of M&A of Solina Group
Source: the company's website

Fig. 4. Production sites of Solina Group
Source: the company's website

If we look at the profiles of the two companies, the resemblance is quite high, and the M&A process seems logical:

- Both companies are built by a local entrepreneur and have constant and healthy growth.
- The client portfolio is quite similar: B2B clients, big producers in the food industry but also small butcher or HoReCa businesses that are served while developing new distribution channels.
- The quality of the products is essential for both companies. Both are implementing strict certificates specific to the food industry.
- Innovation is essential, and the ***research and development*** activity is a core one. The biggest investments are in the research process and the innovation is guaranteeing long-term success.
- Modern technologies, technical equipment is important.
- In addition, by acquiring Supremia Grup, Solina - the leader in the West Europe market – can have a footprint in Eastern Europe. The geographies covered are complementary and the new company, resulting after the transformation, can be a success.

Therefore, to ensure the success of the organizational transformation, the Solina management decided to also address the subject of organizational culture. They decided to assess this complex system, unseen but very much felt that is the organizational culture. Both cultures are highly impacted by the personalities of their founders, the strategical fit is obvious. What about the cultural fit? A work task was created, consisting of 20 members from Solina Grup and 12 from Supremia, coordinated by the HR Department. The purpose of this project is to ensure the cultural synergies in a one-year time frame.

Specific objectives:

- Generating awareness of the strategic fit (target population: every employee in Solina Solina România and key persons in Solina Group);
- Awareness of organizational fit;
- Voluntarily involving Solina România managers in all communications related to the transformation;
- Eliminating those uncertainties, the employees felt regarding job security and future plans;
- Facilitating a smooth transition.

The expected results were as follows:

- The retention of key employees.
- Business and financial KPI.

The first step was to establish the organizational culture, using the Competing Values Model of Cameron and Quinn (1998).

In June – July 2017, the survey was conducted in 20% of the population of every entity, in order to see to what type of culture each organization belongs to. The results were to be used in the integration process, to ensure an effective transformation. The survey showed that in Solina Group the employees appreciate the flexibility and agility of the company. They like to constantly adjust, and they feel the organization has a Market culture but also an Adhocratic one. Solina România, on the other hand, is positioned in opposition, a *Clan*, *Hierarchic* culture.

The results of the survey were published to the managers of the two entities during a two-day event, organized on September 13th-14th, 2017. Workshops were held in small or larger teams were conducted to understand the common points and the main differences between the two companies. All processed, tools, and methods were shared and used in common, where the resemblance was allowing that. In addition, the gaps were identified, and an action plan was issued for the next 12 months.

Exactly one year later (in September 2018), the management teams analyzed the integration process, using Kaizen techniques, and assessed what went well, so it is subject to standardization. Also, the things not as expected were listed to be the subject of improvement.

Another survey was conducted – the key people involved in the transformation process shared their perceptions about integration, on a scale of 1 to 5. The results prove that the integration was a success:

Table 1. – KPI of the integration process in Solina Romania

Item	**Grade**
Retention of key employees	4.33
Strategical fit awareness	4.13
Involvement of the managers in communication during transformation	4.13
Eliminating incertitude	4.07
Facilitating the transition	4.00
Awareness of cultural fit	3.93
Harmonized strategies	3.80
Business KPI	3.67

Source: author's own processing based on information from Solina

Also, the KPI analysis confirms the integration was a success:

Social KPI:

- ✓ Voluntary employee turnover: 22% (in 2018 7% lower than 2017)
- ✓ Key employee turnover: 0%
- ✓ Absenteeism: 4.6% (1% lower than 2017)
- ✓ Engagement score: 85.1% (similar to the engagement score 2017 – 86.08%)
- ✓ The results of the survey conducted one year later show a satisfying degree o on the integration results of 82%.

- ✓ A positive indicator of the success of the transformation is a general atmosphere, the team spirit, and the trust level very noticeable in the organization. But the most powerful indicator is the way the management of Solina acted during the biggest crisis in the history of the company – the fire that destroyed the Aba Iulia plant- in the first 4 hours after the fire the decision to continue the Romanian business was taken. 12 hours later, the recovery action plan was issued. Between February and June 2019, the production was restored, and the clients were served. *We are more than connected, we are united, and this is how we will prevail*, the CEO of the Solina Grup declared.

Financial KPi:

- ✓ Turnover: 197,000,000 lei (2017) vs. 189,000,000 lei (2018)
- ✓ Profit: 9,000,000 lei (2017) vs. 20,000,000 lei (2018)

Conclusions

Beyond strategic fit, cultural fit is essential. How to benefit from the things they are having in common, while being totally different cultures, should be the constant focus of the management during the integration process. Working with the competing value framework, Solina and Supremia acknowledge the great cultural differences and the need to have a consistent integration plan. The integration plan was not owned only by the top management – everyone was involved. Cultural integration is a key, critical factor for the success of the merger and acquisition process. To examine the influence of organizational culture on the M&A process, our objective was to conduct similar research on 4 other food industry companies in Romania, combining qualitative and quantitative research on approximately 400 respondents. Eventually, summarizing the results of this research, we could suggest helpful interventions in an organization undergoing a merger and acquisition process. This way, businesses can limit the negative effect of the transformation processed and improve their chances of performance.

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