Adapting Elements of Market Value Coverage in Adoption and Diffusion of Innovations - Fast Food Industries (Preliminary study)

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Abstract: Intensive completion in fast food industry force the companies to develop new recopies as well as implement the innovative marketing and business strategies to capture the higher market share in industry. However, the large numbers of innovative ideas and products have been failure in market because they could not find the right channel to approach the customers. To get the better perspective regarding this issue, this study develops the model, which can explain the reasons why sometime customers are not keen to purchase from particular brand or location. The proposed model explains that how the four product/service characteristics 4As (affordability, awareness, acceptability, accessibility) can influence various groups of consumers by different level of innovativeness. In particular, this model aim to explain how innovators, early adaptor, early majority, late majority and laggards as five categories of customers based on Diffusion of Innovations theory react toward 4As.

Key words: Innovativeness, affordability, awareness, acceptability, accessibility

INTRODUCTION

The life span for a product is getting shorter nowadays. As according to Nezakati (2003) the timing of innovation adoption together with the patterns of consumption is so much crucial for both producers and importers in the time of constant innovations. On top of this, Everett M. Rogers (1962) had proposed the Time of Adoption and Diffusion of Innovation Theory. The principles of this theory have been reviewed and revised during the past decades.

This theory explained that certain communication channels among the members of a social system are the medium of delineation for innovation (Rogers, 2003). Ranking the elements that are part of market value coverage model according to adoption and diffusion of innovations provides two main distinct groups: innovators as the first group and first of adaptors and laggards as last group who accept innovation.

Rogers (1995) mentioned that innovation as new idea by a person while diffusion as the process where an innovation spreads out. At the same time, he explained “the degree to which an individual is relatively earlier in adopting new ideas than other members of the social system” as innovativeness. When we are going to explain the innovativeness of an individual, we can say it as the possibility that the person has when adopted the innovation at a particular point of time within the innovation Rogers (1995). Rogers (1962) used entrenched theories in psychology, communications, and sociology to build up an approach to further look on the diffusion of innovations. Innovation is the process that including the creation of new ideas into products or processes which are marketable (Schumpeter, 1939; Tidd, 1997). Besides that, Freeman (1974) explained innovation as a process that encompassing manufacturing, management, commercial activities of new or improved products and technical design.

Few elements contribute to the success of fast food restaurants (FFR) and make it appeared well known internationally and preferred choice of fast food restaurants. Those elements are local adaptation, customer-added values, innovative integrated marketing mix, quality, services, and dining environment. The world of fast food business has becoming competitive where there are a lot of fast food chain operators expanding into new areas daily, emergence of various new players, new menu and new type of cuisines. In this highly competitive environment such as substitution and rivalry in the market, where market and products have become internationalized or globalized (such as international brands; McDonald, KFC, Pizza hut, Domino...), in order to be able to maintain market share across different countries, a FFR provider should propose a standard product and service throughout the world. They must be able to create and deliver special and unique kind of sustainable
Acceptability to 4As can be described as follows: ownership within 4P’s concept. 4P’s reflect suppliers’ point of view rather than consumers. The transformation of 4Ps to “implications” (Sheth, 2003).

In other words, 4A’s are aimed at objectives compared to 4P’s that focus on event-related activities that ultimately make marketing activities directed at final consumers more successful considering the acceptance, accessibility, and affordability (4A’s) to examine relationship between 4A’s and adoption of innovation. The focus of 4A’s is on events that ultimately make marketing activities directed at final consumers more successful compared to 4P’s that focus on “implications” (Sheth, 2003).

Marketing Mix: 4As:

Companies use the four fundamental factors (product, price, place, promotion) of marketing mix in their strategy to increase their market share (Ehmke, 2004). The marketing mix management paradigm appeared as a creator of differentiation since it was introduced in 1940s.

However, new competitive era need more accurate approach compared to those fundamental factors; therefore this research regards one of newest method of marketing mix (4A’s; affordability, awareness, acceptability, accessibility) to examine relationship between 4A’s and adoption of innovation. The focus of 4A’s is on events that ultimately make marketing activities directed at final consumers more successful considering all tools available to the promoters. In other word, 4A’s are aimed at objectives compared to 4P’s that focus on “implications” (Sheth, 2003).

Marketing as a collection of value detection, development, and transformation processes does not fit on its own within 4P’s concept. 4P’s reflect suppliers’ point of view rather than consumers. The transformation of 4Ps to 4As can be described as follows:

Acceptability (Product→Customer Value→Object→Acceptability)

Acceptability is changed from product to customer value, and object. Product can be defined as the complex combination of tangible and intangible elements which distinguishes it from other entities in the marketplace (Czinkota, 2010). How good the offerings and how well the organizations are able to differentiate its offer from their competitors will determine the success of the organizations. As according to Lauterborn (1990), organization is exist to serve everything concerned with customers’ needs. Value is the key point that customers focus on. Object is something that purchased by the customer to satisfy a particular need (CZINKOTA.).

Products and services are made to adapt and fulfill the specific needs of the consumers, as well as the distributors. The organization should consider different aspects to overcome this matter. National and regional cultural socioeconomic aspects and unique requirements of local business practices should be evaluated properly. Customers might not accept a product if they are not clear about its quality and usefulness. Scholars have recognized that reputation is an effective means for overcoming such liability of newness (Zimmerman, 2002). Consumers do not have many sources of information for judging the quality of new products while previous consumer feedback can be an important signal about product reputation and credibility (Standifird, 2001).

Studies in marketing have suggested that the consistency of reputation is crucial to maintain the strength and favorableness of products (Keller, 1998. Erdem, 2002) Weigel and Camerer (1988) proposed that reputation is based on past transactions, and people use past observations and history as signals to form their beliefs and perceptions. Social information processing theory (Salancik, 1978) proposed that when people feel uncertain in making judgments, they rely more on others’ opinions (Higgins, 2001). Rynes et al. (1991) suggested that...
people tend to base their perceptions on information from others who have experienced it before when they are facing unfamiliar organizations. Studies have discussed informal situations where people casually interact in a word-of-mouth context to share their interests and opinions (Collins, 2002). Hence, providing the more accurate information about food ingredients and nutrition might be helpful to increase the acceptability of food by customers, since the nutrition content of dishes might be an important consideration for restaurant selection.

**Affordability** (Price → Cost → Objectives → Affordability)

Affordability is changed from price to cost, objectives. Basic economy theory of supply and demand suggests that when prices drop, consumers will buy more and generate stronger demand (Casassus, 2009). A price should be set at the level where it is able to generate profit to the organization itself, and should be able to cover the objectives and cost of the organization; while most important is that it is within the affordable range of the consumers. The price to be paid for a service is determined by the level of quality to be demanded in the customer’s mind (Teboul, 1991). A cost is something that is given up due to a particular decision. From the customer point of view, cost is the amount of money that they need to pay in order to acquire the products/services; while from the organization’s perspective, cost is what they charge for the offerings. Objectives explained the motivations behind the acquisition of the offerings.

Organization should offer a price to customer by considering the amount of budget that consumer is willing to spend. In other word, the price of product/service must be affordable for the targeted group otherwise; they simply reject the company’s offer because they do not have enough budgets to afford it. The impact of affordability on purchase decisions of consumers has significant interest among marketing practitioners (Wernle, 1995; Hancock, 1995); however, this issue raise little attention within the researchers in consumer behavior.

**Accessibility** (Place → Convenience → Organization → Accessibility)

For extent to which customers are able to readily acquire and use a product or service. Distribution channels in markets can be fragmented or non-existent and the task of simply getting products to people can be a major hurdle to overcome. Companies need to explore alternative methods of delivering their products and services to even the most isolated of communities (Anderson, 2003).

Accessibility also means changing attitudes about the experience of visual impairments (or any impairment). Firms that develop a customer-focused service orientation as well as enhance employee-training efforts can greatly improve customers’ experiences in those businesses. For different reasons, consumers with other types of impairments or in other types of minority groups may also be frustrated by reduced accessibility to the marketplace. Reduced accessibility is just one of the unintended consequences of using demographic characteristics as the major variables by which to categorize consumers and to develop strategies for interactions. However, accessibility means different things to different customers and thus, should be operationalized differently (Baker, 2002).

**Awareness** (Promotion → Communication → Operation → Awareness)

Awareness move from promotion to communication, operation. Promotion is all the marketing communication by the marketers to penetrate into marketplace. The elements of promotion are such as direct mail, billboards, TV, direct marketing (personal selling), radio, print and online advertising, coupons, and public relations (Peng, 2009). All of these tools are used to inform, influence, and persuade the audiences to try the companies’ offers (Kotler, 2009).

According to Kotler and Armstrong (2010), promotion is a process that involved business, individuals and organization who interested with the products of business. Promotion includes the use of advertising, sales promotions, publicity, events, experiences and personal selling. Communication requires a give and take between the buyer and seller (Wray-Bliss, 2003). The organization need to ensure that the complete communication is delivered to the audiences in order to make sure that the intended audiences understand and interpret their messages in the right way. This should be carefully plan as the market now is saturated with all kinds of advertisement and noise. The audiences are easily getting distracted from the exact message that the organization intends to communicate to them.

Awareness is the extent to which those customers are aware of or know about product/services. Awareness of different population show specific characteristics of their respective markets depending on the marketer’s interest (Ataman, 2010). Building awareness toward a particular issue has not been an easy task (Noghondari, 2009). Having only, the awareness on the mind of consumers is never sufficient to encourage them to purchase the company’s product/services. However, awareness can give this opportunity to company to be included to customers’ pool as option for future purchase. In fact, awareness about the product/services can encourage consumers to learn more about the product, and consequently increase the possibility that customers want to purchase and consume the product/service.
Table 1: Comparisons of 4As, 4Cs, 4As and 4Os

<table>
<thead>
<tr>
<th>Ps</th>
<th>4Cs</th>
<th>4Os</th>
<th>4As</th>
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</thead>
<tbody>
<tr>
<td>Product</td>
<td>Customer needs</td>
<td>Objects</td>
<td>Acceptability</td>
</tr>
<tr>
<td></td>
<td>What does the customer need to solve a problem?</td>
<td>What do you sell?</td>
<td>How acceptable is the product, and do people approve of the product?</td>
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<td></td>
<td>The company must identify customer needs so that products that meet these needs can be developed.</td>
<td>How is it manufactured, or made? - Is it a high quality (or excellent) product, or is it bottom end?</td>
<td>- Is it socially acceptable fashionable and attractive? - Does the product respect the laws of the country, is it legally acceptable?</td>
</tr>
<tr>
<td>Price</td>
<td>Cost to user</td>
<td>Objectives</td>
<td>Affordability</td>
</tr>
<tr>
<td></td>
<td>Does the customer perceive the cost of the product as fair, or is it too expensive?</td>
<td>Revenue objectives concern the income you want to generate. Price objectives concern the price you want to sell at.</td>
<td>Does the customer have enough money to buy the product- can he/she afford the product?</td>
</tr>
<tr>
<td>Place</td>
<td>Convenience</td>
<td>Organization</td>
<td>Accessibility</td>
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<td></td>
<td>How convenience is it to find your product? Is it easy, or does the customer have to make an effort?</td>
<td>How should you organize the sale and distribution of your product? Which distribution methods will work best?</td>
<td>Is the product easy to access?</td>
</tr>
<tr>
<td>Promotion</td>
<td>Communication</td>
<td>Operation</td>
<td>Awareness</td>
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<tr>
<td></td>
<td>How should you communicate with your customer?</td>
<td>Which kind of promotional operations, such as direct mail, will work best for the products?</td>
<td>How many people know about, or are aware of the product?</td>
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**Innovativeness:**

Consumer innovativeness has been considerably studied in marketing and associated fields. Literature review of this study suggests that this research can be classified into three main groups, which are: 1) the measurement of innovativeness (Midgley, 1978; Goldsmith, 1991; Venkatraman Linda, 1990; Roehrich, 2004). Relationship between new product adoption or other behavioral constructs and innovativeness (Foxall, 1988; Foxall, 1995; Goldsmith, 2003; Hirschman, 1981). Personal and demographic characteristics are antecedents of innovativeness (Steenkamp, 1999; Venkatraman, 1991 Im, 2003).

**Theoretical Justification:**

Which component of MCV (Acceptability, Awareness, Accessibility, and Affordability) has the best coverage and accounted with each part of subcategories of social system (Innovators, Early adopters, First Majorities, Late Majorities, or Laggards)? On the base of study background which has mentioned in this research, purchasing behaviors, life style and interests of each part of social system, there would be different
MVC components contributed to each part respectively. There for research framework and research assumptions are generated.

This model is conceptualized based on diffusion of innovation curve, proposed by Rogers 1962, 2003, and elements of market value coverage model (4A’s), proposed by Sheth and Sisodia 2003. By merging these two models and identifying the most important elements of market value coverage model and their effects on any social system subgroups, we can devise effective changes in marketing strategies. We use new prepared food products as the case for this study (Figure 1).

Conclusion:

Anderson (2003) used market value coverage (4A’s) in order to study the mobile network in the Philippines. To used market value coverage by smart company, is reason to access to the company’s success to innovation and profitable growth has been. Kumar (2003) assessed market penetration of processed and packaged foods in rural India. He focused on four limiting factors: 1) availability 2) affordability 3) acceptability 4) awareness, with the aim of find out popular branded food products and best marketing medium in rural parts.

This study tries to propose the model, which can shows the link between 4As as market value coverage and the influence of each factor on customers by different level of innovativeness in fast food industry. The model can help practitioners to get better view regarding their customer characteristics to implement their marketing strategy in each level of product/service life cycle to get the most efficient result. Moreover, the current model can help academicians to conduct the empirical research in different countries and compare the influence of each factor in different countries.

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