

**VOLUME 2
ISSUE 1
YEAR 2014**

Expert Journal of Business and Management

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Expert Journal of Business and Management

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Volume 2, Issue 1

Year 2014

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Editor's Introduction to Volume 2, Issue 1 of Expert Journal of Business and Management

Simona VINEREAN*

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The first issue of the second volume of *Expert Journal of Business and Management* encompasses various interesting articles that explore business and managements issues in terms of the exploring the influencing factors of adopting and planning to use a new technology for e-filing systems for annual tax in Indonesia, examining prospects of increasing the bottom line for Amazon, and studying different consumer behavior dimensions for Romanian tourists and providing new insights for segmentation. Thus, the topics and research methods presented in this issue make meaningful contributions to business knowledge and offer a wide range of perspectives from different countries. Further, I present a short description of each article that is published in *Expert Journal of Business and Management*, vol. 2, issue 1.

Hastuti, Suryaningrum, Susilowati, and Muchtolifah (2014) developed an interesting paper (*Implementation of Decomposed Theory of Planned Behavior on the Adoption of E-Filing Systems Taxation Policy in Indonesia*) regarding the influencing factors and implementation of e-filing systems for annual tax in Indonesia. Decomposed theory of planned behavior is thoroughly used to explore this theory's factors in relation to the behavioral intention in using SPT e-filing systems and to assess the predictive power of user behavioral intention in using these systems. To examine this main research problems, the authors use a structural equation model (SEM) and the results showed that e-filing user's attitude, subjective norms, and perceived behavior control have an influence on the Indonesian citizens' intention to use e-filing systems to report their annual tax income. The main conclusion of the study is that the government needs to educate its citizens on the importance of e-filing systems because these systems have many advantages in terms of effectiveness and improved efficiency, optimized and quick services.

Dennis and Nonnenmann (2014) in their article *Amazon: Is Profitability a Possibility?* examine how this ground-breaking company adopts a strategy that focuses on growth, but not so much on profits. Even though companies worldwide have a committed philosophy toward profits at all costs, Amazon grows at a quick pace, while their profits are remaining steady at a very low level. Nonetheless, this company continues to increase their business and their investors. In this business framework, the authors ask if profitability is a possibility for Amazon under these conditions. Dennis and Nonnenmann (2014) believe that a marginal increase in price could accomplish just that, with a minimal impact to consumers. Thus, their paper explores a forecast that illustrates price increases of 1% to 5% for the years 2013 through 2015.

Vinerean's (2014) article on *Market Segmentation in the Decision Making Process in Tourism* considers the many patterns and habits of consumption during the acquisition process of tourists and the importance of market segmentation and more specifically a hybrid segmentation in tourism. The author conducted a selective direct research on 154 persons from Romania aimed at a segmentation of consumers

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Article History:

Available Online 24 August 2014

Cite Reference:

Vinerean, S., 2014. Editor's Introduction to Volume 2, Issue 1 of Expert Journal of Business and Management. *Expert Journal of Business and Management*, 2(1), pp. i-ii

who purchase tourism services based on specific dimensions of behavior, namely the determinants, factors, preferences, and habits that influence the decision making process of an acquisition with hedonic and utilitarian dimensions. This research explores these aspects using exploratory factor analysis and cluster analysis of the respondents. The results of the article present 16 new variables resulted that formed three distinctive clusters of tourists. These discoveries can help tourism companies enhance the effectiveness and efficiency of marketing activities, companies have to understand how consumers make their decisions to buy different products.

In *Alignment Effectiveness for Value Creation with Information Systems*, Mitambo (2014) reinforces the importance of using information systems for businesses that focus value creation with long term benefits. The author reviews business strategy and value creation and explores the premises of using information systems to create, maintain, and develop opportunities in a successful business environment. Mitambo's (2014) research showcases an investigation on value creation using information systems in the form of an exploratory content analysis from various industry cases.

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Implementation of Decomposed Theory of Planned Behavior on the Adoption of E-Filing Systems Taxation Policy in Indonesia

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The increased in internet and telecommunication usage has become the reason for the adopting of e-filing systems for annual tax report or SPT (based on Indonesian Taxation Authority Decree Number Kep.88/PJ/2004 on 14th May 2004 about electronic based annual tax report). On the contrary, this development does not show in the usage of the e-filing systems. This condition is the reason for this study to investigate the implementation of e-filing systems taxation policy by using decomposition theory of planned behavior. This theory is used to understand and test the influenced factors in the usage of electronic based annual tax report (e-filing) and the persistent of e-filing system in Indonesia. Population in this study is the Indonesian citizen's tax payers who have got tax registration number (NPWP) both who have or have not used e-filing to report the annual tax return in Surabaya area, East Java-Indonesia. Sample is taken using a non-probability sampling, with convenient sampling method. Analytical technique used in this observation is Structural Equation Method (SEM). The results showed that e-filing user's attitude, subjective norms, and perceived behavior control influence the users' intention to use e-filing systems. These results indicated that Indonesian citizens' intention to use the e-filing facilities to report their annual tax income is depend upon their attitudes and controls on the systems. Even if Indonesian tax payers realized that with e-filing systems they will be able to increase the effectiveness, more optimize services, hasten and improved efficiency in annual tax reporting, the taxpayer does not completely understand about how to operate the e-filing system. Therefore, it is imperative for the government to socialize and educate them on the importance of e-filing systems.

Keywords: *e-filing user's attitude, control of perception variable, intention to use e-filing systems.*

JEL Classification: M15, M38, C5

1. Introduction

The use of information technology (IT) has grown extensively and can be categorized by the applications and target users. Fuelled by good governance, many organizations have invested large funds for the application of information technology. One example of the application of information technology is the Directorate General of Taxes Decision Letter number: Kep. 88/PJ/2004 May 14, 2004 about the delivery of annual-tax-report (SPT) electronically. The main purpose of this tax policy is the government provides

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Article History:

Received 22 May 2014 | Accepted 02 June 2014 | Available Online 09 June 2014

Cite Reference:

Hastuti, S., Suryaningrum, D.H., Susilowati, L., and Muchtolifah, 2014. Implementation of Decomposed Theory of Planned Behavior on the Adoption of E-Filing Systems Taxation Policy in Indonesia. *Expert Journal of Business and Management*, 2(1), pp. 1-8

reporting SPT electronically via the media of internet communication to Taxpayers. Thus, the individual taxpayers can report their SPT from home or place of work, while corporate tax payers can report from the agency office location or place of business. By reporting taxes electronically would help reduce the cost and time required by taxpayers to prepare, process, and reported taxes to the tax office in a right and proper time. On the other hand, reporting annual-tax-report (SPT) electronically is also giving support to the government in terms of the acceptance SPT, the minimization of administration, the accuracy of the data, the distribution and filling of SPT.

Although e-filing facility tax system provides a lot of convenience to taxpayers, the usage of this system is still not optimal, since its development not comparable with the development of internet use since this facility introduced and implemented in 2004 until 2008. In 2008, the details of the use of tax facilities was only 95 tax payers for income tax article 15, 7,854 taxpayers for income tax article 21, 2,523 tax payers for income tax article 21, 944 tax payers for for income tax article 4, and 1.107 taxpayers for VAT. Overall, taxpayers who uses the e-filing facilities was 9.058 taxpayers of the total tax payers about 13 million or the utilization of e-fillif systems only about 0.07%. In 2010, the number of tax payers increased to 15.9 million. The increased in the number of taxpayers was not accompanied by an increased in the use of SPT e-filing systems. Data indicated only 0.05 percent in 2011 (<http://ciputraentrepreneurship.com>, April 2011).

People's understandings on internet technology is the foundation of the adoption of internet based tax system (e-filing) provided by the Directorate General of Taxes. Nowadays almost everyone already understand the usefulness of the Internet, have an email address to communicate on-line and browsing through the internet to find information. The development is also supported by the spread of internet cafe (a cyber cafe) all over Indonesian archipelago. The development of other communication and wireless technology can be found easily almost every where, like in public like area mall, cafe, and other places.

The rapid development of Internet technology and communication facilities as the basic of the adoption of e-filing systems did not provide a similar development in the utilization of e-filing (SPT) service. This is what triggered the research done in the implementation of e-filing system policies using the decomposition theory of planned behavior. Decomposed theory of planned behavior is used to test and determine the factors that affect the use of electronic e-filing (SPT) systems and the sustainability of the e-filing system in Indonesia. Therefore, this study aims to answer 1). Are factors of decomposed theory of planned behavior – attitudes, subjective norm, and perceived behavior control –affect user behavioral intention in using SPT e-filing systems? 2). Will the decomposed theory of planned behavior increase the predictive power of user behavioral intention in using SPT e-filing systems? The rest of this paper will be organized as follows: the second section of this paper is the literature review. The third section outlines the research methods and the forth section describes research results. Finally, conclusion is set in the last section.

2. Literature Review

In the organizations that using system information technology, humans interact with the system information technology. The interaction of this can be behavioral problematic. Although technique-wise ability and the quality of system information technology have become more satisfactory so it is seldom to find any mistakes, there was also the presence of failure in the application of the system information technology. Studies that have been done in this failure showed that the cause of this failure was more on the human behavior (Hartono, 2007). Behavior is actions or reactions of an object or organism, such as awareness (consciousness) or unconsciousness, overt or covert, voluntary or involuntary. Hartono (2007) explained that to refuse or to accept for using information technology is a human behavior. To change a behavior can not be done directly to the behavior, but must be done through an antecedent or the cause of these behaviors. One of the antecedents of behavior is faith (belief). Thus to change behavior can be done by changing the trust of individual to positive belief to receive information technology.

Information technology can be defined as a cross between computer technology, communication and office automation which has been integrated to become one (Indriantoro, 2002). Information technology is considered as an agent that permits organization to be able to increase the efficiency of operational and strategic position of a business organization in an increasingly competitive environment. (Darma, 2000). The development of information technology, especially computer technology provide positive impacts to the organization, 1) an increase in efficiency, saves both time and a reduction in the use of paper, 2) an increase in computer memory capacity and to make it more easy to use, and 3) the increase in the quantity and quality of organization decision-making. In this study, communication and information technology refer to e-filing system that has been provided by Indonesian government through the Directorate General of Taxes (DJP).

2.1. Theory of planned behavior

Theory of planned behavior (TPB) is a further development of theory of reasoned action (TRA). Ajzen (1991) added a new construct to TRA namely perceived behavioral control. This construct was appended in an effort to understand limitations owned by individuals in order to perform a certain behavior (Hartono 2007), in other words, a certain behavior maybe done is not only determined by the attitude and subjective norm, but also by individual perception in controlling the action that is based on his control belief. Overall, beliefs of the behavior produce an attitude like or dislike; beliefs of the normative yielding to social pressure or subjective norms; beliefs of the control will provide perceived control of behavior. The attitudes and behavior, together with subjective norms and perceived control will result in the behavior intention, and will next give rise to behavior.

Taylor and Todd (1995) pointed out that TPB is not without criticism. The relationship between the belief structure and the determinant of intention: attitude, subjective norm, and perceived behavior control are not essentially well understood. Although TPB introduced one variable, perceived behavior control, as an answer to all uncontrollable elements of behavior, the beliefs set and construct may be difficult to employ the TPB and may not be consistently related to attitude, subjective norms, and perceived behavioral control. Furthermore, Taylor and Todd (1995) suggest that TPB model still requires individuals to be motivated to perform certain behavior.

2.2. Decomposed Theory of Planned Behavior

Decomposed Theory of Planned Behavior (DTBP) is an extension of TPB, was proposed by Taylor and Todd (1995) to overcome some of the limitation of TPB. Taylor and Todd (1995) extended TPB by decomposing the attitudinal belief, normative belief, and control belief into several dimensional constructs to provide higher descriptive power and a more accurate understanding of the antecedents of behavior. They claimed that DTBP provides some advantages: first, by decomposing belief, the relationship between belief and the antecedents of intention should become clearer and more readily understood. Second, decomposition can provide a stable set of beliefs, which can be applied across a variety of settings, and third, by focusing on specific beliefs, DTPB more managerially relevant. Because of the larger number of factors that may influence adoption and usage, DTPB should provide a more complete understanding of IT usage.

Several researchers have examined the validity of DTPB in understanding behavioral intentions (Taylor and Todd 1995, Hsu and Chiu 2004, Koeder et al. 2011). Hsu and Chiu (2004) studied electronic service continuance using DTPB. They indicated that even though DTPB provides better diagnostic value than original TPB model, it is still more complex because it introduced numbers of factors that may influence usage. Koeder et al. (2011) developed their model to identify the factors that encourage consumer to purchase e-book reader in Japan, with the focus on normative factors. They found that attitude towards connected e-book readers were the most important factor contributing to purchase behavior. Koeder et al. (2011) study differed from Taylor and Todd (1995) and Hsu and Chiu (2004) because they developed new constructs in decomposing attitude with relevance advantage and decomposing subjective norm with normative influences.

In this study, decomposition attitude towards the behavior was done by using Fisbein and Azjen (1975). They proved that the differences in attitudes, perceived usefulness, perceived risk, and perceived playfulness as attitude that associated with the usability and categorized as attitude toward the behavior. Suryaningrum, et al (2009) showed that perceived ease of use is an important factor in adopting internet technology based information system like e-learning. Based on these studies, attitude towards behavior was decomposed into four components, namely perceived ease of use, perceived usefulness, perceived risk, and perceived playfulness.

Decomposition of subjective norms was based on Hsu and Chiu (2004) result study. They find the influence of subjective norm to behavioral intention. On the contrary, Tan and Theo (2000) found no significant influence of subjective norm to individual intention to adopt internet banking. Bhattacharjee (2000) suggested that subjective norm is a predictor of behavioral intention to use the broker services electronically. In his study, Bhattacharjee showed that subjective norm includes two forms influence that is, interpersonal and external influences. Therefore, in this study, subjective norm was decomposed into two components, namely interpersonal influence and external influence.

Decomposition of perceived behavior control was based on Azjen (2002). Azjen suggested a constructs of self-assurance (self efficacy) and controlability. Self-efficacy is the ease or difficulty to perform the behavior, or beliefs of individuals to perform the behavior. Controllability is a control on the behavior or beliefs about how much do the behavior is a desire of their own behavior (Ajzen, 2002). Associated with self-efficacy, the individual will feel more satisfied with the behavior that they feel able to do, or vice versa (Bandura, 1997). Thus, in this study, perceived behavior control is decomposed into three components, namely

Internet self-efficacy, perceived controllability, and perceived resources. Based on the decomposed theory of planned behavior, figure 1 depicts the conceptual framework of the model.

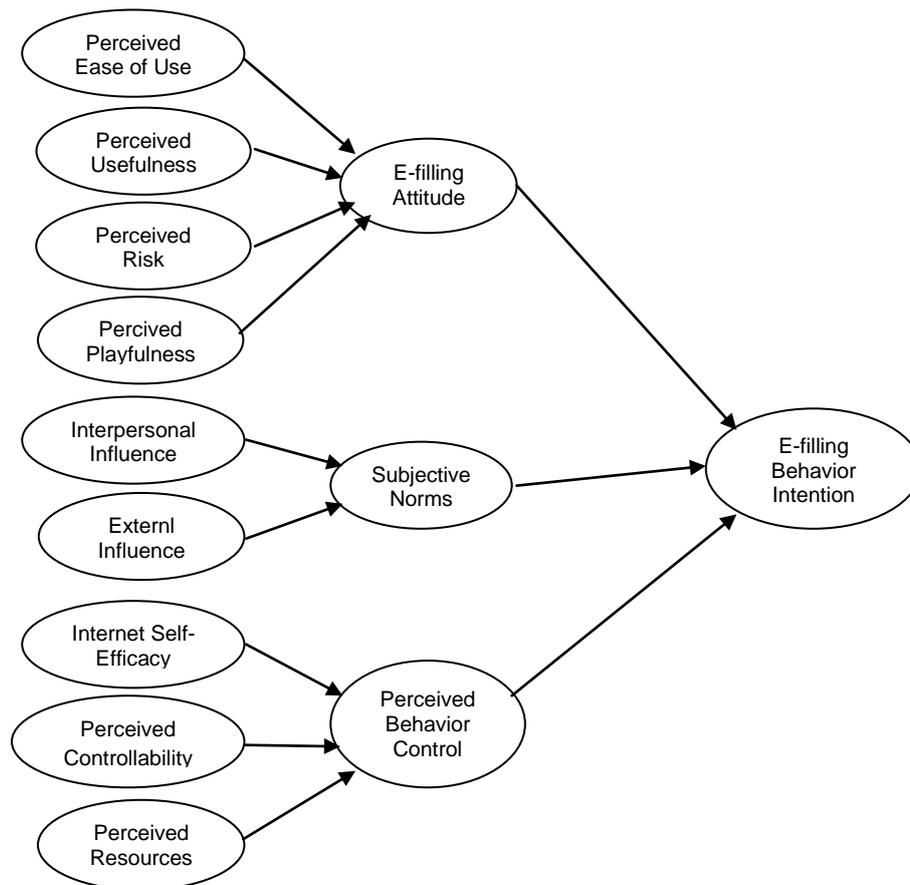


Figure 1. *Decomposed Theory of Planned Behavior Model*

Based on the conceptual model in figure 1, hypotheses of this study are 1). Attitude towards e-filing, subjective norm, and perceived behavior control will affect user behavioral intention in using SPT e-filing systems, 2). Decomposed theory of planned behavior will increase the predictive power of user behavioral intention in using SPT e-filing systems.

3. Data and Methodology

Data in this study was captured in 2012 by using questionnaires to the Indonesian taxpayers in Surabaya city. The population of this study is all taxpayers who have tax number (NPWP) which have or have not been using e-filing systems in reporting annual tax income (SPT) in Surabaya East Java. The sampling method used this study is convenient sampling. Total samples based on Ferdinand (2002: 48) are the number of indicator multiplied by 5-10, so the number of sample in this study is 32 indicators x 10 = 320 taxpayers.

The measurement of the instruments of this study used interval scale or semantic differentials scale. Respondents have to answer from 5 (five) – means a very positive response, to 1 (one) – means a very negative response.

Data was analyzed by using Structural Equation Model (SEM) technique that enable to test the relationship between independent and dependent variables simultaneously. The phase in testing the model is as follows: data normality test, evaluate outliers, test the validity and reliability, and test of relations causality and evaluation of the model.

4. Research Results and Discussion

The test of the quality of the data (normality, multivariate outlier, reliability and validity, construct reliability and extracted variance) indicated that data can be analyzed for further estimation. Estimating results and model fit one step approach of SEM and modification can be seen in figure 2.

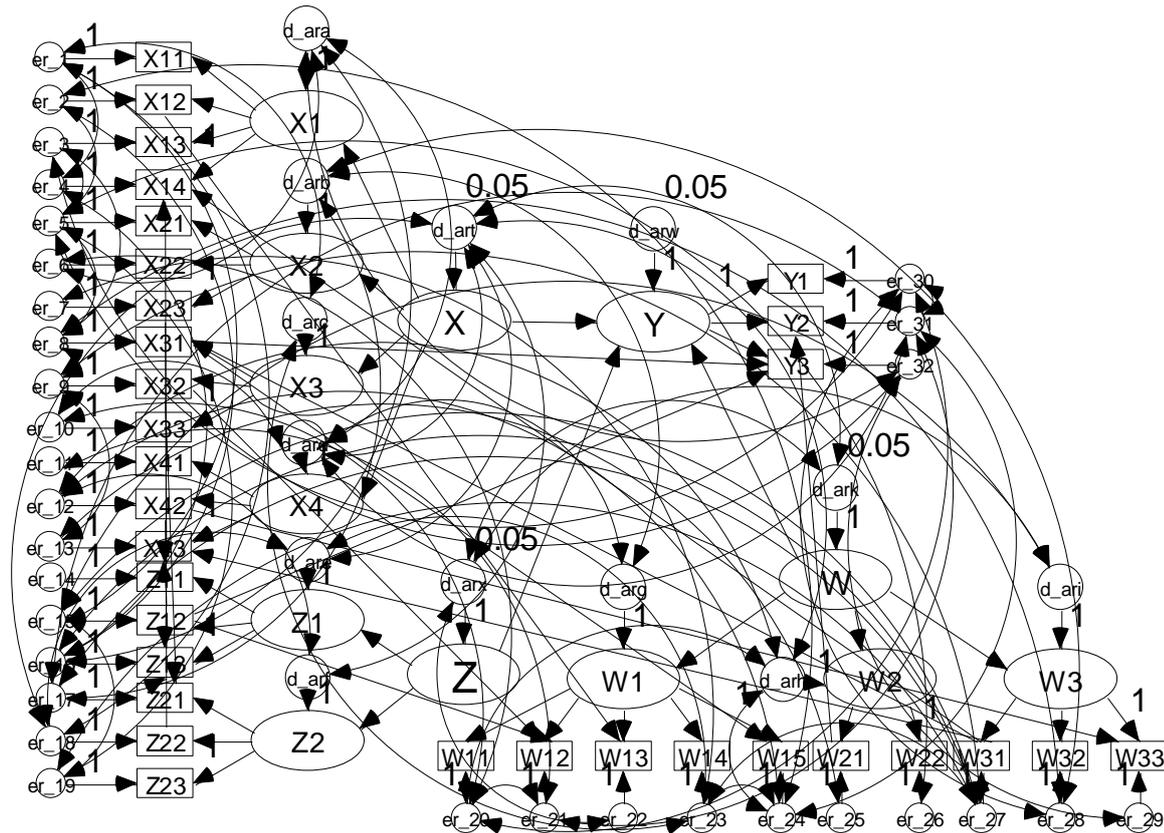


Figure 2. Structural Model of Attitude towards Behavior, Subjective Norms, and Perceived Behavior Control: One Step Approach Model-Modification

Table 1. Evaluation of Goodness of Fit Modification

Criteria	Results	Critical Value	Model Evaluation
Cmin/DF	0.655	≤ 2.00	Good
Probability	1.000	≥ 0,05	Good
RMSEA	0.000	≤ 0,08	Good
GFI	0.933	≥ 0,90	Good
AGFI	0.905	≥ 0,90	Good
TLI	1.035	≥ 0,95	Good
CFI	1.000	≥ 0,94	Good

Source: Data analyzed

From the evaluation one step approach model modification turned out that of all criterias of goodness of fit showed the results of good models evaluation. It meant that the conceptual model developed from the theory has been fully supported by the facts. Thus this model is the best model to explain the relationship between variables in the model.

The causal relation between variables showed a direct influence as observed from the weight of the regression standard coefficient.

Table 2. Test of Causality

Regression Weights		Ustd Estimate	Std Estimate	Prob.
Factor	Factor			
Behavioral Intention	E-filing attitude	-1.115	-0.333	0.008
Behavioral Intention	Subjective norms	-1.727	-0.516	0.001
Behavioral Intention	Perceived behavior controll	5.912	0.607	0.001
Sig.				≤ 0.05

Source: Data analyzed

Test of the first hypotheses indicated that e-filing attitude, subjective norms, and perceived behavior control influenced behavioral intention to use e-filing with probability value of 0.008; 0.001; and 0.001 respectively, are less than 0.05. Based on these results, the second hypotheses can be proven by using factor loading number. The factor indicated the correctness of the model in predicting the outcome in the future. Therefore, decomposed theory of planned behavior will increase the predictive power in predicting e-filing behavior intention.

E-filing attitude variable consisting of dimensions of perceived ease of use, perceived usefulness, perceived risk and perceived playfulness significantly influence behavioral intention to use e-filing. This is similar with the results of Ajzen (1987), Muthusamy et al. (2010), and Sheikhshoaei and Oloumi (2011). They concluded that attitude that deals with the behavior have a direct effect on behavior intention. This result also supported by the results of research (Suryaningrum et al., (2009). Their result indicated that perceived ease of use is an important factor in adopting information technology system namely e-learning. The condition showed that the attitude of the tax payers actually realized that with e-filing system they will be able to facilitate efficiency and effectiveness, hasten, and optimize service for taxpayer in reporting their annual tax income report (SPT). Analysis of the questionnaires indicated that even though tax payers realized the benefit of SPT e-filing system, they have not completely understand how to operate the e-filing system

The second variable is subjective norms that consist of interpersonal and external influences. The result of this study is supported by previous studies (Zang and Gutierrez, 2007; Ajzen, 1991; Hsu and Chiu, 2004; Bharracherjee, 2000; Sheikhshoaei and Oloumi, 2011). Ajzen (1991) stated that relative interest of subjective norm in predicting behavior intention is expected to vary with the behavior and the situation. Hsu and Chiu (2004) found that subjective norms influence behavior intention in using technology. Bhattacharjee (2000) indicated that subjective norms includes two forms of influence that is, interpersonal and external influences. Condition in the field study indicated that the tax payers were supported by their friends and colleagues to perform annual tax income reporting through e-filing system. Tax payers were also knew e-filing system from news reports and popular media. The problem is the lack of network system or access to the system that requires a fast information and communication technology.

The third variable is perceived behavior controls that consist of the internet self-efficacy, perceived controllability, and perceived resources will affect the behavior intention to use e-filing system. These results are in accordance with the opinion that self efficacy is the ease or the difficulty to do a certain behavior, or to belief in individual to do these behaviors, while perceived controllability is control against behavior or belief about how far do a certain behavior (Ajzen, 2002). Related to self efficacy, individual will feel more satisfied with behavior if they will be able to do it (Bandura, 1997). In the future, it is expected that taxpayers will voluntarily visit web-site, download software and data on web-site, in reporting their annual tax income. Further, they would overcome barriers and seek access to sources to use e-filing system for their annual tax report (SPT).

Based on the results of this study, there are two things to be considered by Indonesian government (tax department), first the quality of e-filing system (ease of use, speed access, reliability, flexibility and security). Second the quality of information (completeness, relevance, accurate, time lines and information presentation) in order to create satisfaction for e-filing users.

5. Conclusion

The objective of this study is to investigate the implementation of e-filing systems taxation policy by using decomposition theory of planned behavior. This theory is used to understand and test the influenced factors in the usage of electronic based annual tax report (e-filing) and the persistence of e-filing system in Indonesia. Using SEM statistical method, the results showed that not only e-filing user's attitude variable which includes ease of use, e-filing usage, risk, and playful perceptions influence to the users' intention to use the e-filing facilities, but also the control of perception variable influence the users' intention to use e-filing. These results indicated that Indonesian citizens' intention to use the e-filing facilities to report their annual tax income is depend upon their attitudes and controls on the systems. Even if Indonesian tax payers realized that with e-filing systems they will be able to increase the effectiveness, more optimize services, hasten and improved efficiency in annual tax reporting, the taxpayer has not completely understands about how to operate the e-filing system. Therefore, it is imperative for the government to socialize and educate taxpayers on the importance of SPT e-filing systems.

At least four limitations should be noted in this study. First, the data were collected only in Surabaya city; the characteristic of these taxpayers surveyed might be different from those in other areas or countries.

Second, since individual informant provide the empirical data, possible biases or preferences (e.g. learning styles, communication methods, social preferences, etc) may exist due to different personal experiences, family, or educational background. Third, this study didn't control for other variables (e.g. firm's size, taxpayers' age, type of industry, etc) that may influence the relationship in the decomposed theory of planned behavior model. Finally, this study only focused on the behavior of taxpayers from the side of attitude, subjective norms and perceived behavior control. Future study may investigate from the point of view of the system itself, such as system facilities.

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7. Acknowledgement

This research is funded by the Directorate General of Higher Education, Ministry of Education Republic of Indonesia (DIKTI), desentralitation funded by Universitas Pembangunan Nasional "Veteran" Jawa Timur as Idola SKIM.

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Amazon: Is Profitability a Possibility?

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In today's society, companies seem to all be following the same trend; growth in profitability at all cost. Higher profits, for the most part, leads to more investors and more potential financing. Amazon.com appears to be breaking that trend, however. Their strategy seems to be growth, but not in profits. We would like to look into how and why Amazon is growing at such a fast pace, while their profits are staying steady at a very low level. Is profitability a possibility for Amazon? We believe that a marginal increase in price could accomplish just that, with a minimal impact to consumers.

JEL Classification: M16, M21

1. Introduction

We are living in a time when businesses are focused on revolutionizing their core competencies in order to gain extraordinary profits. The idea of receiving higher profits has become such a dominant factor that businesses will go to great lengths, even to the point of committing fraud, in order to show the public they are profitable. Company's attempt this in order to gain further growth through investors and better reputation. In this mix of growth at all cost, there is a company that is breaking the mold. Amazon.com, an online retailer, is growing at an exponential rate, but they seem to have a different philosophy surrounding profitability. In fact, they make close to no profit while still increasing their business and their investors. To understand this accomplishment we are going to go over Amazon's history, what made them so successful and their strategy. In addition, we want to understand if their philosophy can be modified and therefore if Amazon can be more profitable. Finally, we would like to create a forecast to illustrate how much more profitable Amazon could potentially become.

2. History

"To be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online, and endeavors to offer its customers with the lowest possible prices" (Amazon, 2014). This is the mission statement of Amazon Inc., and gives as good of a summary of the company as you could give. Amazon started as an online book retailer in 1994 in Seattle, Washington, and has since expanded into a Fortune 500 company. All along their rise, Amazon has stayed true to what they believe is the most important, becoming the largest and most efficient retailer in the world.

Amazon has evolved into a conglomerate of successful businesses that have stemmed from their revolutionary founder and CEO, Jeff Bezos. Bezos graduated from Princeton University with a degree in computer science and electrical engineering in 1986 (Biography.com, 2014). After working at several firms

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Article History:

Received 23 April 2014 | Accepted 01 May 2014 | Available Online 09 June 2014

Cite Reference:

Dennis, B. and Nonnenmann, S., 2014. Amazon: Is Profitability a Possibility? *Expert Journal of Business and Management*, 2(1), pp. 9-13

on Wall Street, Jeff Bezos saw an opportunity in e-commerce. By 1994, Bezos moved to Seattle and, with the help of a few employees, developed the software for Amazon.com (Biography.com, 2014).

Amazon was initially started as an online book store and had great success. “With no press promotion Amazon.com sold books across the United States and in 45 foreign countries within 30 days” (Biography.com, 2014). With their rapid success during the dotcom boom, Amazon was able to go public in 1997. The start of the transformation of Amazon into the company we see today didn’t happen until 1998 when Amazon added clothes, electronics, toys, and many other products to their offerings (Biography.com, 2014).

In 1998, Amazon revolutionized how we view online retailing. Since then, they have added thousands of products under a dozen different categories to their offerings list. This not only includes items that Amazon itself sells, but also their successful idea to allow third parties to sell products using the Amazon platform as well.

As a whole, Amazon has changed how consumers shop for what they want and need. Their popularity has rapidly grown since its start, but there does seem to be only one matter that doesn’t add up; profit.

3. Success Story

One of the key factors to Amazon’s success is the implementation of their long-term strategy. The strategy includes low margins, high customer satisfaction, low prices, rapid shipment, and low profitability. With that said, we are going to identify the various sub-strategies to better understand how Amazon creates its success.

Low margins, and therefore low prices, have been a driving force to increase sales. This is illustrated very well in their revenue over the past ten years as shown in the graph below (MorningStar, 2014):

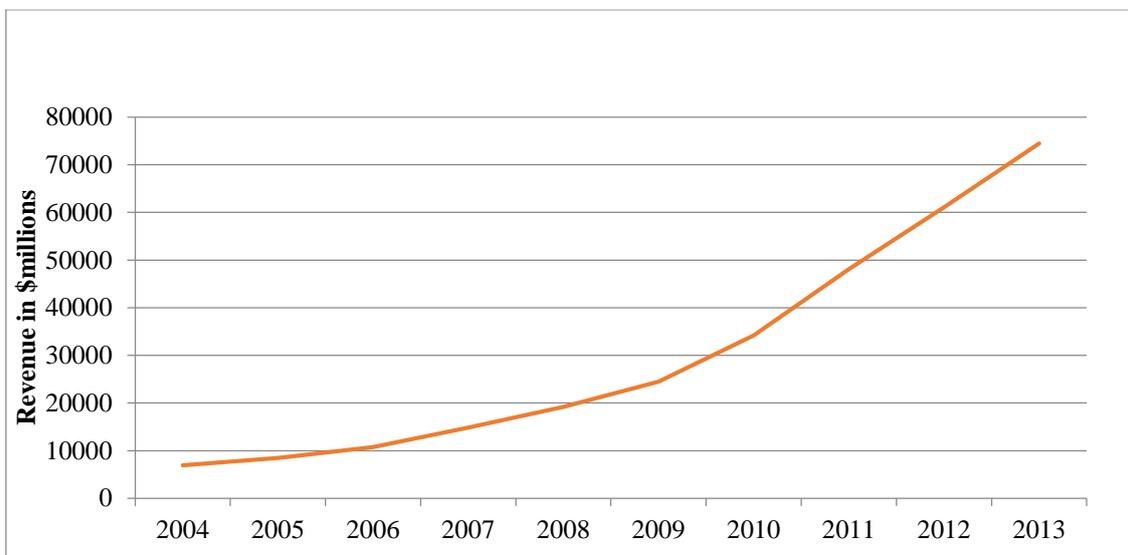


Figure 1. Amazon Revenue Growth

As we can clearly see, Amazon, in relation to revenue, has been extremely successful. Not only were they able to survive the dotcom bubble, but also thrive afterwards. Their commitment to low margins and low prices has allowed Amazon to become a viable and, in other ways, the go to retailer in today’s society (Dediu, 2013). Furthermore, this has been backed up by the loyalty of Amazon’s customer base as well as their investors. The low cost associated with their business has been partially possible due to Amazon’s ability to maintain just-in-time inventory and the creation of economies of scale.

The effectiveness of Amazon’s just-in-time inventory is greatly related to their logistics system. Currently, their inventory turnover lies around 8 turnovers per year, which implies that Amazon is able to maintain low on hand inventory (Wei, 2012). This is the benefit of being an e-commerce business rather than maintaining a store front. Amazon is able to maintain a customized inventory that allows them more flexibility based on the needs of their regional consumers.

Another major factor in Amazon’s success story is their ability to create economies of scale, which is “the cost advantage that arises with increased output of a product” (Investopedia, 2014). In other words, Amazon is able to increase their economies of scale by increasing their output to their customers. This is shown in the graph above; as output increases year over year, revenue increases as well.

The last aspect of success that we desire to illustrate is Amazon's utilization of their website platform (Wei, 2013). The success derived from this section is based on the fact that Amazon split their platform into two sections. The first section is the division that Amazon uses itself. This is a low margin, low profitability section where Amazon sells goods directly to customers which reflects their long term strategy. The other division is the more profitable of the two, where Amazon allows outside businesses to sell their products through the Amazon platform. This allows Amazon to charge higher margins to the businesses since it is not a part of their core strategy.

As we have seen with the points discussed above, Amazon has established a variety of core competencies to become a successful company. Their low margins, logistics, and website platform have created a unique setting of sustainability that hasn't been able to be matched by any other competitor. Their continuous efforts to increase efficiency have led them to be the number one online retailer in the world. Although they have been successful, this has not directly correlated into profits.

4. Profitability?

It is no secret that Amazon is a successful company on the rise. It is also not a secret, however, that they have not been able to turn much of a profit since their inception. Matthew Yglesias jokingly commented that "Amazon, as best I can tell, is a charitable organization being run by elements of the investment community for the benefit of consumers" (Wei, 2013). Although Yglesias meant this as a joke there is some truth behind it, especially in the public's view. The company has been able to gain revenue at a steady growth rate year over year and has recently reached \$74 billion. Though this is the case we can see in the flowing graph that this doesn't correlate with their net income-increasing year over year:

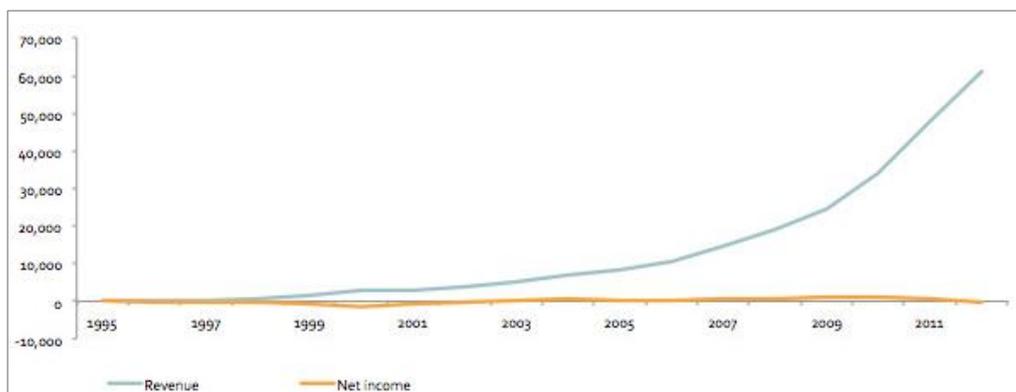


Figure 2. Amazon performance since launch (\$m)
Source: Amazon, Enders Analysis, ben-evans.com

In fact, their net income, and therefore profit, has been an extremely flat line. This is made very clearly in comparison to their growth in revenue; therefore, let us identify the methods Amazon uses to create profit.

As mentioned by Yglesias it seems that Amazon is benefiting their customers by offering products at a low price. They achieve this feat by keeping their profit margins low, which establishes tough competition for other companies (Wei, 2012). The idea is to (1) draw in customers due to the low prices, (2) reduce competition, and (3) make higher profits by selling a lot of products. This strategy has proven to be successful as we can identify from the above graph. Another option that Amazon is offering customers is Amazon Prime, which allows free movie streaming, special deals, and most importantly free two-day shipping. Furthermore this benefits Amazon since it gives them constant yearly income.

The question that remains is why doesn't Amazon report higher profits in response to their Amazon Prime and its low margin but large quantity strategy. If we look at their gross profit on the other hand we can identify a different trend:

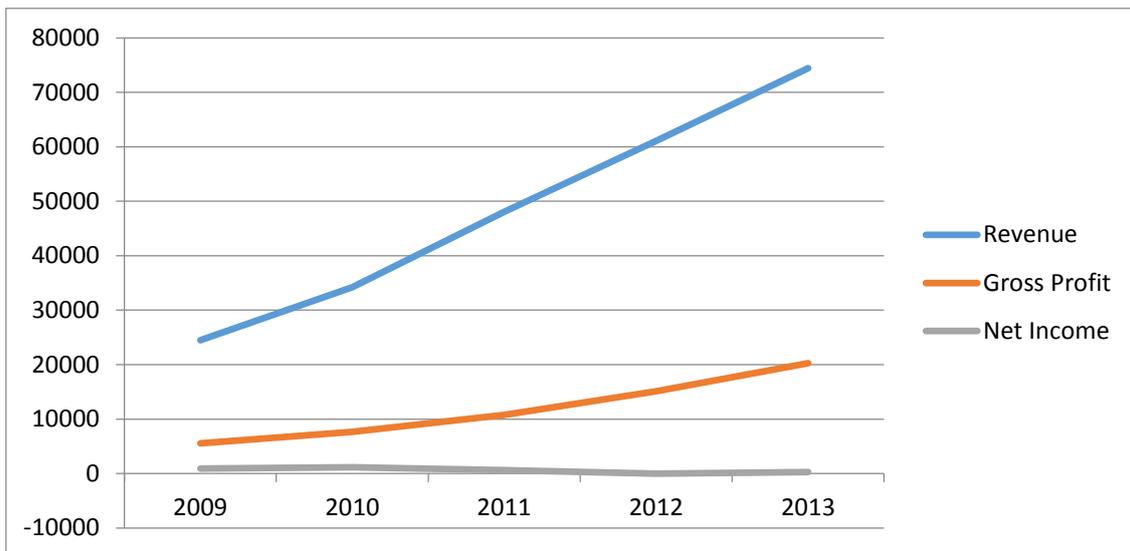


Figure 2. Revenue, Gross Profit and Net Income

As seen in the graph the gross profit follows a similar path as revenue, which finally shows a representation of what one thinks of Amazon’s profit situation. But why don’t they report numbers similar to the gross profit? The answer might seem blunt and almost too simple but they just don’t want us to know (Evans, 2013). Also to successfully implement such a mindset it “requires a long-term willingness to be misunderstood”, which is certainly the case with Amazon (Thompson, 2013). One of the reasons we identified Amazon reports less profits results from immediately reinvesting into the company, which makes them stronger for the future (Evans, 2013). In other words, they are “trading the present for the future” (Wei, 2013). This is something that has been reflected not only in profit but also in Amazon’s stock price. Year over year Amazon has reported poor profitability but their stock price has increased 590% over the last 10 years (Yarow, 2013). This indicates that investors aren’t worried about the lack of profit because they recognize the long-term vision of Jeff Bezos (Dediu, 2013). In addition, the reinvestment strategy makes sense since it allows Amazon to hide how much profit they actually make and it keeps the competition in suspense. Furthermore, the competition should be worried by this fact because they cannot estimate how far developed Amazon is nor can they assess which path Amazon will take next.

When summarizing this information we can identify that Amazon is better off than they are revealing to the public. Although that is true we believe that Amazon can create even more value by adjusting their prices.

5. Forecast

Throughout this paper we have illustrated why Amazon has been so successful but we have also shown that they underperform year over year in terms of profit. We were interested in whether there is a way for Amazon to increase their profit for investors. If this was possible, Amazon could use the extra profit to lure in more investors, from whom they could receive more investments. The easiest solution we found was to improve the profit margins by increasing prices of offered products. The created forecast illustrates price increases of 1% to 5% for the years 2013 through 2015. The results are as follows:

Table 1. Revenue estimation

Revenue	2013	2014	2015
Original	74,452	87,868	101,284
1%	75,197	88,747	102,297
2%	75,941	89,625	103,310
3%	76,686	90,504	104,323
4%	77,430	91,383	105,335
5%	78,175	92,261	106,348

Note: All values are in millions of dollars

If we decipher the above information we can identify that if Amazon would increase their prices by 1 percent, which would result in an increase of \$745 million of revenue. Because they are functional with the amount they currently have, they could transfer the \$745 million directly to the profit column. When we increase the price by 3 percent an increase of \$2.234 billion can be identified and at 5 percent it goes up to \$3.723 billion. Looking at the numbers, it is impressive how much a slight price increase could turn into for Amazon and more specifically their investors. Furthermore we believe that 1 percent is such a small difference in price that most customers wouldn't even recognize it while the effects of it are enormous for Amazon. An additional \$745 million would most likely spike the interest of many investors, which would help Amazon with their general goal of reinvesting in the company. When we look ahead to a 1 percent increase of price, it would result in an \$879 million increase in 2014 and a \$1.013 billion increase in 2015. That is a lot of potential for any company and we believe that Amazon is in a unique position where it would benefit them greatly for the future without sacrificing future customers.

6. Conclusion

Throughout this paper we have discussed a lot about Amazon from their history, their success, their lack of end profitability, and their potential to generate greater profit. Amazon has definitely been one of the most rapidly growing companies over the last decade and their potential seems almost limitless. Every new platform creates more revenue, market share, and popularity. Although this is the case, we were able to identify a lack of profitability, especially in comparison to their highly increasing revenue. Still we believe that Amazon could be better off if they offered a little more profitability to their investors. They could accomplish it by increasing their prices by one percent, which would turn into a revenue increase of \$745 million.

In conclusion, Amazon is a fantastic company with a lot of potential in the future, but one thing they could improve is their overall profitability by marginally increasing their prices.

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Market Segmentation in the Decision Making Process in Tourism

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In this paper, I examine the responses of 154 tourists in relation to their predisposition to purchase and the patterns and habits that are usually decisive in the decision making process regarding tourism services or products. For this research, I conducted a selective direct research, whose purpose was to obtain a segmentation of consumers who purchase tourism services based on specific dimensions of behavior. This research also implied studying the behavior of current and potential customers who purchase travel services depending on several variables for establishing different consumption habits. Thus, to establish a more detailed image of the tourists who participated in this direct and selective research, the analysis involved a factor analysis and a cluster analysis.

Keywords: consumer behavior, tourism, market segmentation, tourist dimensions, decision making process

JEL Classification M31, M21

1. Introduction

Consumer behavior could be studied in terms of its many patterns and habits of consumption during the acquisition process, because it depends on different factors that can interfere during a purchase (for example: the type of holiday to be taken, their motives and the determinants of that particular purchase, their lifestyle, the economic situation). Another important disadvantage regarding the tourism products and services is the intangibility of these offers, which often leads to hesitations and distrust during a purchase. This is why individuals may take advices from friends, relatives, travel agents and television which may influence different researches made by companies which studies tourist behavior patterns or habits. Withal, the purchase of the holiday is an important event in a person's life because the trip could represent the chance to escape from the monotony of his life, his work and will become the opportunity to relax, have fun, and enjoy with friends or family, away from home.

Thus, when planning a vacation, a travel agent, needs to take into consideration two types of factors, internal and external to the tourist. The internal factors can be divided into: personal motivators, personality, disposable income, health, family responsibilities, work commitments, past experiences, hobbies and interests, existing knowledge of potential holidays, lifestyle, attitudes, opinions, and perceptions. The external factors are classified into: availability of suitable products; advice of travel agents; information obtained from destinations; tourism organization and the travel media; word-of-mouth recommendations from friends and family, political restrictions on travel, health problems and vaccination requirements in destinations; special promotions and offers from tourism organizations; the climate/destinations of regions

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Article History:
Received 03 July 2014 | Accepted 20 August 2014 | Available Online 05 July 2014

Cite Reference:
Vinerean, A., 2014. Market Segmentation in the Decision Making Process in Tourism *Expert Journal of Business and Management*, 2(1), pp. 14-29

(Swarbrooke and Horner, 2007). These complex variables are very important into the final purchase decision of an offer with such an emotional value for consumers.

The success of any marketing activity is strictly related to understanding consumers' decision making process to purchase tourism products or services. Being aware of their behavior patterns, habits and the factors that influence their acquisition, tourism companies should comprehend when they could interfere in the process in order to obtain the results they desire. Thus, in this way, enterprises will know how to influence their customers to purchase different products or services that meet their needs and surpass their expectations.

Moreover, due to the extension of the studied field (the area of services), it is crucial for a company that activates in this area to take into consideration market segmentation, in order to be aware of the type the consumers it has to satisfy through their various products or services needed or desired by their potential and loyal customers; and in this way the company will achieve the profitability and success wanted. Thus, in this article, we discuss market segmentation in tourism and exhibit this segmentation through a research and empirical analysis conducted on 154 respondents from Romania.

2. Market Segmentation in Tourism

Market segmentation is defined as the process of dividing a market into more homogeneous groups of people who have needs, desires and similar applications. The purpose of segmentation is to provide the foundation for creating a marketing mix that will perfectly correspond the clients from the targeted segment. This explains the fact that the market segmentation is a form of consumer classification used to provide marketing support functions in an organization of tourism (Dibb et al., 2001).

Segmentation aims to improve the combination of the 4Ps: product, price, placement and promotion; however, organizations have to keep in mind that marketing success is not only due to using a single segmentation methods, it is important to use and combine all four types of segmentation (respectively six types in tourism), thereby establishing a hybrid segmentation to achieve profits or expected results of a company. Therefore, existing or potential customers can be divided by five criteria, the groups that have similar characteristics as the buyers, including: geographic segmentation, demographic, behavioral, and psychographic.

2.1. Geographical Segmentation

Geographical segmentation is based on collecting and analyzing information according to the physical location of the customer (Swarbrooke et al., 2003). Also, this type of segmentation divides markets into different geographical areas by region, country, city, population, climate, and so on.

2.2. Socioeconomic Segmentation

This method inquires companies to subdivide markets by different socioeconomic variables. Socioeconomic variables are represented by: income, occupation, education, lifestyle, price sensitivity, and brand preference (Swarbrooke, 1999).

2.3. Demographic Segmentation

This form of segmentation is based on different characteristics and is really important for tour operators and travel agents to better understand their customers who are planning a trip, such as: sex, age, religion, family status (Swarbrooke, 1995).

2.4. Psychographic Segmentation

This form of segmentation is considered to be a modern technique that already has begun to influence different areas, including clothing, food, perfume, cars, jewelry, drink and tourism (Swarbrooke and Horner, 2007). This technique is based on the idea that factors like attitudes, lifestyles, opinions and personalities of people determine their behavior as consumers.

2.5. Behavioral Segmentation

This technique involves the relationship between the consumers themselves and the product. According to Swarbrooke and Horner (2007), this method incorporates different variables like: user status (never used, ex-user, first-time user, regular user); readiness stage (unaware, aware and interested, desirous of purchasing, intent on purchasing, planning to purchase immediately); attitude towards product (enthusiastic, indifferent, hostile); benefits sought (status, economy, new experiences, good service,

excitement, making friends); loyalty to the product (total, partial, none); purchase occasions (regular purchaser, once-in-a lifetime purchaser).

Even though these types of segmentation are known to be successful in any area, some academics have searched for some techniques relevant only in tourism, Middleton and Clarke (2001) suggested there are six ways of segmenting markets in travel and tourism:

- Purpose of travel;
- Buyer needs, motivations and benefits sought;
- Buyer and user characteristics;
- Demographic, economic and geographic characteristics;
- Psychographic characteristics;
- Price.

Therefore, the segmentation of the tourism market is vital for a company because it provides competitive advantages and a clearer image of the targeted audience, thus allowing companies to direct their marketing efforts to a target group. Thus, once the market is reduced to the smallest homogeneous components (be it by a few individuals, or a group), a company is forced to ask marketers to find common dimensions which will allow the firm to transform these individuals or groups in profitable segments. Also, a short tourist market segmentation is promoted by Kolb, presented in Table 1.

Table 1. Tourism market segmentation

Ways of segmentation	The target group
Demographic segmentation	Visitors segmented by age, income, sex, family status, ethnicity ..
Geographical Segmentation	Visitors who travel practical local, regional, national, international
Psychographic Segmentation	Visitors seeking relaxation, adventure, unpredictable events, concerts ...
Segmentation depending on use	Traditional tourists, visitors on business trips, visitors religious tourism.

Source: Kolb B., *Tourism Marketing for cities and towns: Using branding and events to attract tourists*. 2008

Behavioral influences are not included in the classification given by Kolb, but they could be interpreted in the tourism area from the perspective of the relationship between the tourist with the tourism service or product, more precisely the benefits sought by him from buying some regular products (Swarbrook and Horner, 2007).

3. Research Hypotheses

The hypotheses for this research are proposed according to literature review, however they are newly formed and have not been examined in previous academic work.

Objective 1: The segmentation of respondents, according to certain latent traits.

Hypothesis 1: There are at least two distinct segments of respondents.

Objective 2: The creation of factors based on the respondents' common characteristics.

Hypothesis 2: After the analysis, there will be at least 10 new factors with common characteristics.

Objective 3: Determining the main influence on the attitudes of respondents when choosing a travel package.

Hypothesis 3: Subjective influences are the ones that have a greater impact in the formation of attitudes, when choosing a holiday.

4. Research Methodology

4.1. Research Context

The research setting for this paper refers to the study of consumer behavior in tourism and the determinants, factors, preferences, and habits that influence the decision making process of an acquisition with hedonic and utilitarian dimensions. This research aims to explore these aspects using exploratory factor analysis and clustering of respondents.

One of the most important contributions of a marketing research is to define the marketing research problem that requires the provision of marketing solutions (Malhotra and Birks, 2007, p.15). The problem

definition for this conducted research is in regard to the better understanding of the dimensions that affect tourist behavior.

4.2. Research Instrument and Data Collection

The research instrument consisted of a survey of eight questions that will be analyzed (in addition to three socio-demographic questions). Constructs used in the model are presented in Table 2 in terms of their conceptual and operational definition. All the scales are newly formed and have not been used in other research. The measurement of each variable was realized using a particular scale chosen depending on the nature of the study (Table 2), and objectives of the research.

Table 2. Conceptual and operational definition of variables used in research

Question no. and dimension explored	Conceptual definition	Operational definition
Q1. Habit of traveling	Ways of travelling that have acquired a consistency on tourism services acquisition.	1 2 3 4 5: • Q1a. Luxury hotel (4-5 star) • Q1b. Mid-level hotel (2-3 star) • Q1c. Pension / Guesthouse • Q1d. Motel • Q1e. Rented apartments and houses • Q1f. Camping • Q1g. Hostel
Q2. Habit of traveling	Ways of travelling in terms of transport favored by consumers of tourism services.	1 2 3 4 5: • Q2a. Airplane • Q2b. Car • Q2c. Bus • Q2d. Train • Q2e. Ship / boat
Q3. Habit of traveling	The time period in which consumers generally organize their travels.	1 2 3 4 5: • Q3a. 2-4 days • Q3b. 4-7 days • Q3c. More than 7 days
Q4. Attitude	Learned predisposition of searching for information	1 2 3 4 5: • Q4a. Magazines, newspapers, radio, TV • Q4b. Previous experience • Q4c. Recommendations from friends and relatives (WOM) • Q4d. Internet websites • Q4e. Social media • Q4f. Online forums • Q4g. Travel agents • Q4h. Tourism fairs
Q5. Attitude	Learned predisposition related to the quality of tourism services and return to the same tourist destinations.	1 2 3 4 5: • Q5a. Quality of accommodation (hotel, restaurant, bar) • Q5b. Sightseeing (nature, weather, etc.) • Q5c. Price • Q5d. Customer Care (adequate facilities for children, great relationships with customers, allowing pets, etc.) • Q5e. Cultural and historical attractions
6. Attitude	Determinants that have a consistency in the choice of tourist destinations	1 2 3 4 5: • Q6a. Accommodation facilities • Q6b. Scenery and sightseeing • Q6c. Weather conditions • Q6d. Historical tourist attractions • Q6e. Customer care • Q6f. Places to Eat

		<ul style="list-style-type: none"> • Q6g. Night life entertainment • Q6h. Relaxation opportunities • Q6i. Religious trips • Q6j. Cultural events
7. Attitude	Factors that have a consistency in the influence of the respondents' decision to purchase a travel package	1 2 3 4 5: <ul style="list-style-type: none"> • Q7a. Auxiliary activities • Q7b. Facilities for families • Q7c. Price
8. Traveling habit	The ways tourists tend to travel.	1 2 3 4 5: <ul style="list-style-type: none"> • Q8a. With the family • Q8b. In a couple • Q8c. With friends

The primary scope of this study is to understand the behavior of Romanian consumers in tourism. From January 4 to March 14, 2014, an online survey was posted on various social media outlets and different groups devoted to tourism, and members we invited to support this survey. The study used primary data, namely data originated specifically to address the research problem. The online survey generated 154 usable questionnaires. Table 3 presents the profile of the respondents.

Table 3. Respondents' profile

Sex	Age	Status	Frequency	Percentage (%)	Cumulative Percentage (%)
Male	< 20 years	Pupils	2	100.0	100.0
	Between 20-25 years	Students	10	37.0	37.0
		Employee full-time	11	40.7	77.8
		Employee part-time	1	3.7	81.5
		Free independent	4	14.8	96.3
		Unemployed	1	3.7	100.0
		Total	27	100.0	
	Between 25-30 years	Employee full-time	9	100.0	100.0
	Between 30-35 years	Employee part-time	4	66.7	66.7
		Free independent	2	33.3	100.0
		Total	6	100.0	
	Over 40 years	Employee full-time	1	100.0	100.0
	Total male respondents			45	29.2
Female	< 20 years	Pupils	4	100.0	100.0
	Between 20-25 years	Students	63	69.2	69.2
		Employee full-time	23	25.3	94.5
		Employee part-time	2	2.2	96.7
		Free independent	3	3.3	100.0
		Total	91	100.0	
	Between 25-30 years	Students	1	12.5	12.5
		Employee full-time	6	75.0	87.5
		Free independent	1	12.5	100.0
		Total	8	100.0	
	Between 30-35 years	Employee full-time	3	60.0	60.0
		Free independent	1	20.0	80.0
		Unemployed	1	20.0	100.0
		Total	5	100.0	
	Over 40 years	Full-time employee	1	100.0	100.0
Total female respondents			109	70.8	

5. Empirical Analysis and Results

5.1. Exploratory Factor Analysis

5.1.1. Habits of Accommodation, Transportation, and Travel Period

In this paper, we want to propose a segmentation of the tourist consumer behavior and in order to achieve this objective we conducted an exploratory factor analysis as a preliminary stage designed to lead to a better clustering by reducing the number of scales.

Thus, factor analysis was used to reduce the number of variants of questions. Factor analysis is a technique of general linear model (GLM), which means that we used data that reflected interval or proportional scales in SPSS v 2.0.

Factor analysis has two distinct phases. The first phase involves the extraction of a small number of factors out of all the data. These factors can be interpreted as the basis of attitudes reflected in the respondents' answers to those specific questions. There are several methods of extraction, but the method used in this analysis was Principal Components. In the second phase, the factors are rotated to facilitate interpretation. Varimax rotation is the method most frequently used in the data analysis of questionnaires and it was also used in this paper. Varimax is an orthogonal rotation method that aims to minimize the number of variables that have a high 'weight' on each factor, thus helping to a better interpretation and more relevant factors (Fields, 2005, pp.160-165).

Next, we will present the resulted factors based on several research questions used in trying to explain consumer behavior in tourism. These questions were grouped to obtain factors that better explain the basis of tourists' attitudes.

First, we conducted a factor analysis on three questions: question 1 which reflected the accommodation preferred by tourists, question 2 which reflected the means of transport that the respondents prefer, and question 3 which reflected the preferred trip period for arranging their holidays. These three questions consisted of 15 attributes measured with Likert scales, for a better understanding of the types of consumers in tourism.

Initially, we conducted a test to demonstrate and check the adequacy of factor analysis. The 'Kaiser-Meyer-Olkin Measure of Sampling Adequacy' (KMO) test is usually used as an index that compares the magnitude of the observed correlation coefficients with the magnitude of the partial correlation coefficients. Small values of the KMO indicator show that these correlations between pairs of variables cannot be explained and a factor analysis would not be appropriate. In general, it is desirable to obtain a value higher than 0.5. For questions 1, 2 and 3 the KMO value obtained was 0.695. Thus, we can proceed with the factor analysis and the interpretation of the resulted factors.

In table 4, the Eigenvalues refer to the variation explained or justified in the analysis. Eigenvalues associated with each factor represent the variance explained by a particular linear component. SPSS also displays Eigenvalues from the perspective of the percentage of accounted variance.

Table 4. Total variance explained for the habits of accommodation, transportation, and travel period

Item	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.782	18.549	18.549	2.782	18.549	18.549	1.793	11.953	11.953
2	1.706	11.371	29.92	1.706	11.371	29.92	1.784	11.893	23.846
3	1.503	10.018	39.939	1.503	10.018	39.939	1.661	11.071	34.918
4	1.383	9.217	49.156	1.383	9.217	49.156	1.511	10.075	44.993
5	1.197	7.982	57.138	1.197	7.982	57.138	1.491	9.939	54.932
6	1.074	7.163	64.301	1.074	7.163	64.301	1.405	9.37	64.301
7	0.942	6.282	70.583						
8	0.813	5.423	76.006						
9	0.693	4.619	80.625						
10	0.664	4.425	85.049						
11	0.561	3.742	88.791						
12	0.53	3.533	92.324						
13	0.404	2.695	95.018						
14	0.397	2.646	97.664						
15	0.35	2.336	100						

Table 4 shows the total variance and the number of factors selected (in this case, six factors of a total of 15 components) and the variance of each one, before and after rotation. The procedure automatically identifies factors that explain a variance greater than individual responses. Before rotation, the first factor explained 18.54% of the total variance. But after rotation, (the final part of the table labeled ‘Rotation Sums of Squared loadings’), first factor explains 11.95% of the total variance. Similarly, all six factors extracted explained 64.30% of the total variance, which is a somewhat satisfactory level for data interpretation. Rotation has the effect of optimizing the structure of the factor and the immediate consequence of this is the equivalence of the relative importance of the created factors.

Table 5. Rotated Component Matrix for the habits of accommodation, transportation, and travel period

	Component					
	F1	F2	F3	F4	F5	F6
Q3a. 2-4 days	0.076	0.136	-0.432	0.308	0.187	-0.451
Q3b. 4-7 days	-0.129	-0.072	-0.205	0.056	0.169	0.808
Q3c. More than 7 days	-0.053	0.024	0.784	-0.247	-0.04	-0.025
Q1a. Luxury hotel (4-5 star)	-0.618	-0.13	0.315	0.182	-0.012	0.029
Q1b. Mid-level hotel (2-3 star)	-0.009	-0.12	0.028	-0.088	0.847	0.077
Q1c. Pension / Guesthouse	0.278	0.222	-0.051	0.19	0.63	0.08
Q1d. Motel	0.192	0.607	0.245	0.15	0.099	0.335
Q1e. Rented apartments and houses	0.165	0.223	0.108	0.616	-0.338	0.339
Q1f. Camping	-0.049	0.729	-0.398	0.088	0.033	-0.27
Q1g. Hostel	0.123	0.84	0.11	-0.013	-0.047	-0.077
Q2a. Airplane	-0.459	0.066	0.08	-0.489	0.026	0.385
Q2b. Car	-0.14	0.038	-0.166	0.775	0.166	-0.065
Q2c. Bus	0.567	0.062	0.046	0.058	0.385	-0.238
Q2d. Train	0.778	0.088	-0.086	0.071	0.046	0.018
Q2e. Ship / boat	-0.266	0.087	0.655	0.136	0.08	-0.137

In table 5, we can see which variables are most relevant for each of the resulted factors, and knowing these aspects we can proceed to name each new variable.

The first factor will be called ‘*Tourists focused on savings (F1)*’ because they avoid luxury accommodation (-0.618) and they prefer means of transport to the detriment of the more expensive type (such as aircraft (-0.459)) due to high scores recorded for train (0.778) and bus (0.567).

The second factor will be referred to as ‘*Tourists who opt for cheaper accommodation (F2)*’, such as camping (0.729), hostel (0.84) and motels (0.607).

The third factor will be called ‘*Tourists who prefer longer and luxurious trips (F3)*’ because of high scores achieved in ship/boat (0.655), 4-5 Star Luxury Hotel (0.315), and travel longer than 7 days (0.784).

The fourth factor will be called ‘*Independent travelers who organize their trips on their own (F4)*’ because they tend to ride by their personal car (0.775) and opt for rented apartments or houses (0.616). Also, these tourists opt to travel for longer periods of time.

The fifth factor will be denoted as ‘*Tourists who choose affordable accommodation (F5)*’ in accordance with their income due to the 0.847 score for average 2-3 star hotel and the 0.63 score for guesthouses.

The sixth and final factor extracted will be referred to as ‘*Comfortable tourists (F6)*’ because they use aircraft transportation (0.385) and opt for 4-7 day trips (0.808).

5.1.2. Preferred Sources of Information

The same procedure was used for question 4 which reflected the information sources the respondents use when deciding to make holiday or trip arrangements. This question was measured in the survey with a 5-point Likert scale and the results are shown in the following table (Table 6). The result of the KMO test was 0.611, therefore, a factor analysis is relevant in this case. Three factors were extracted and they explain 64.86% of the total variance.

Table 6. Total variance explained for the preferred sources of information

Item	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.395	29.936	29.936	2.395	29.936	29.936	1.862	23.269	23.269
2	1.575	19.684	49.62	1.575	19.684	49.62	1.757	21.969	45.238
3	1.219	15.242	64.862	1.219	15.242	64.862	1.57	19.624	64.862
4	0.939	11.736	76.599						
5	0.59	7.37	83.968						
6	0.522	6.523	90.491						
7	0.432	5.404	95.895						
8	0.328	4.105	100						

As in the previous case, we used Rotated Component Matrix (Table 7) to name the created factors based on Likert scales. In what follows, we associate the extracted factors from question 4 with different types of sources of information (subjective and objective) that tourists consult to search information related to their decision to purchase a tourism package.

The first factor was called ‘*Traditional marketing sources – objective (F7)*’. This new factor reflects tourists who get information from (a) magazines, newspapers, radio, TV (0.407); (b) travel agencies (0.857); (c) tourism fairs (0.868) (Table 7).

For the formation of the second factor we can observe important scores for the Internet (0.809), social media networks (0.772), and online forums (0.659). Therefore, we named this factor ‘*Online marketing sources - objective and subjective (F8)*’ (Table 7). This name reflects both objective sources such as websites (0.809) of agencies or hotels, but also subjective sources in terms of the exposure to tourism experiences of close friends on social media networks (0.772) or of tourists who post on online forums (0.659), such as TripAdvisor.

The third factor extracted incorporated scores from personal sources of the respondents, in terms of previous experience (0.871) and recommendations of their relatives or close friends (0.814). Thus, this factor was called ‘*Personal sources – subjective (F9)*’ (Table 7).

Table 7. Rotated Component Matrix for the preferred sources of information

	Component		
	F7	F8	F9
Q4a. Magazines, newspapers, radio, TV	0.407	0.206	0.344
Q4b. Previous experience	0.057	-0.054	0.871
Q4c. Recommendations from friends and relatives (WOM)	-0.11	0.031	0.814
Q4d. Internet websites	-0.094	0.809	0.026
Q4e. Social media	0.204	0.772	0.072
Q4f. Online forums	0.377	0.659	-0.089
Q4g. Travel agents	0.857	0.045	-0.124
Q4h. Tourism fairs	0.868	0.155	0.031

5.1.3. Reasons for Returning to a Travel Destination

We also conducted a factor analysis on question 5 which reflected the factors that would cause the respondents to return to a previous destination they already traveled to. For this question, we also conducted a ‘Kaiser-Meyer-Olkin Measure of Sampling Adequacy’ test and obtained a score of 0.655 showing the relevancy of the analysis. Thus, we proceeded to extract factors and the results are presented in Table 8.

Table 8. Total variance explained for the reasons for returning to a travel destination

Item	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.723	34.451	34.451	1.723	34.451	34.451	1.451	29.02	29.02
2	1.081	21.616	56.067	1.081	21.616	56.067	1.352	27.047	56.067
3	0.932	18.645	74.713						

4	0.75	14.991	89.704
5	0.515	10.296	100

Table 9. Rotated Component Matrix for the reasons for returning to a travel destination

	Component	
	F10	F11
Q5a. Quality of accommodation	0.861	-0.13
Q5b. Sightseeing	0.315	0.517
Q5c. Price	0.484	0.146
Q5d. Customer Care	0.599	0.52
Q5e. Cultural and historical attractions	-0.132	0.881

Thus, two factors were extracted and will be named according to their scores presented in Rotated Component Matrix (Table 9).

The first factor is represented by the hedonic elements associated with the services provided by the facility that provides the accommodation: quality (0.861) and attention provided by the staff of the tourism institution for tourists (0.599). This factor will be entitled ‘*Tourists who want indulgence*’ (F10).

The second factor includes in addition to the services and attention provided by the staff and the elements related to the external environment and the diverse range that the destination can offer tourists: sightseeing and tourist attractions. Thus, we can observed that a relatively large percentage of tourists disregard utilitarian aspects such as the price, but focuses on the factors that give them pleasure, namely, the hedonic aspects. Therefore, this factor is named ‘*Tourists who appreciate sightseeing*’ (F11).

5.1.4. Factors and Determinants that Affect the Purchase Decision of a Travel Package

Further, we applied factor analysis for another three questions: question 8 which reflected how tourists tend to travel, question 7 which reflected the most important factors that influence the respondents’ decision to purchase a travel package, and question 6 which reflected determinants and their importance in the choice of tourist destinations. These three questions present a number of 16 scales that are measured with a 5-point Likert scale. Again, the KMO test was conducted and we obtained a result of 0.702, indicating the relevancy of factor analysis. Of the 16 scales of these three questions, five factors were extracted, and these factors explain 57.91% of the variance in the responses (Table 3.11).

Table 10. Total variance explained for factors and determinants that affect the purchase decision of a travel package

Item	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.512	21.952	21.952	3.512	21.952	21.952	2.493	15.579	15.579
2	1.817	11.354	33.307	1.817	11.354	33.307	2.222	13.886	29.465
3	1.431	8.947	42.253	1.431	8.947	42.253	1.644	10.276	39.741
4	1.298	8.113	50.366	1.298	8.113	50.366	1.623	10.146	49.888
5	1.208	7.55	57.916	1.208	7.55	57.916	1.285	8.028	57.916
6	0.947	5.918	63.834						
7	0.892	5.573	69.408						
8	0.792	4.947	74.355						
9	0.73	4.565	78.92						
10	0.667	4.168	83.089						
11	0.603	3.769	86.858						
12	0.534	3.34	90.198						
13	0.475	2.97	93.169						
14	0.427	2.672	95.841						
15	0.365	2.283	98.124						
16	0.3	1.876	100						

Table 11. Rotated Component Matrix for the factors and determinants that affect the purchase decision of a travel package

	Component				
	F12	F13	F14	F15	F16
Q7a. Auxiliary activities	0.081	0.742	-0.019	0.35	0.23
Q7b. Facilities for families	0.097	0.764	-0.024	-0.019	0.038
Q7c. Price	0.089	0.204	0.045	0.596	0.163
Q6a. Accommodation facilities	0.77	0.086	-0.007	0.205	0.168
Q6b. Scenery and sightseeing	0.368	0.184	0.433	0.151	0.483
Q6c. Weather conditions	0.066	-0.003	0.699	0.088	0.008
Q6d. Historical tourist attractions	0.113	0.157	0.691	-0.005	-0.012
Q6e. Customer care	0.77	0.002	0.306	0.02	-0.056
Q6f. Places to Eat	0.818	0.168	-0.016	-0.128	-0.058
Q6g. Night life entertainment	0.399	0.263	-0.119	0.223	-0.603
Q6h. Relaxation opportunities	0.403	0.369	0.244	0.108	0.037
Q6i. Religious trips	0.016	0.565	0.343	-0.304	-0.328
Q6j. Cultural events	0.201	0.594	0.236	-0.246	-0.193
Q8a. With the family	-0.031	0.257	0.044	-0.6	0.403
Q8b. In a couple	0.315	0.06	-0.369	-0.004	0.507
Q8c. With friends	0.012	-0.069	0.097	0.694	-0.078

Similar to the previous cases, we used the Rotated Component Matrix (Table 11) to name the factors created using Likert statements. The first factor is represented by tourists that travel in a couple (0.315) and focus on the whole tourism package characterized primarily by hedonic variables, such as: quality of service (0.77), courtesy of staff (0.77), locals (0.818) that they can visit on their trip, opportunities for relaxation (0.403), and entertainment (0.399). This factor is called ‘*Relaxing tourism for couples (F12)*’.

The second factor is named ‘*Religious tourism with the family (F13)*’ because it presents tourists who travel with their family (0.257), who opt for cultural events (0.594), as well as religious trips (0.565), and need appropriate hedonic aspects corresponding to their current status (tourists children) that they can accomplish during their tourism experience (0.764). Also, throughout their vacation they want to experience auxiliary activities, such as various special programs organized at the hotel or excursions that would please their children (0.742).

The third factor consists of tourists who tend to travel alone and prefer to visit various tourist attractions (0.691), focusing on the landscape offered by these destinations (0.433), while taking into account the weather (0.699) before organizing their trip. This factor will be called ‘*Solitary tourists (F14)*’.

The penultimate factor is called ‘*Tourists who travel with friends and focus on price (F15)*’ will include tourists who travel in groups of friends (0.694) and opt to travel at an attractive price (0.596). This utilitarian determinant is crucial for their tourist destination choice for their monthly income. Nonetheless, these tourists wish to engage in various activities during their vacations (0.35).

The last factor is represented by consumers who opt for family travel (0.403) or with a group of friends (0.507). They are also attracted to the surrounding areas (0.483) they are visiting, but are not fond of the night life entertainment (-0.603). Thus, this factor is entitled ‘*Tourists with family or in a couple who prefer a low key trip (F16)*’.

5.2. Cluster Analysis

After detecting certain differences between the questionnaire’s respondents, as these differences were highlighted using factor analysis, we also performed a cluster analysis. Clustering was used to group respondents with similar behaviors, based on preferences and attitudes of tourists. Through segmentation, we can have a better understanding of the similarities and differences between respondents. Clustering is based on the concept of creating groups based on proximity or distance. Therefore, respondents are relatively homogeneous a cluster.

In data analysis, we used the Two-Step Cluster analysis, and to obtain relevant results, we used only the scale newly formed variables by factor analysis. Figure 1 displays the three clusters that were obtained in accordance with 16 variables.

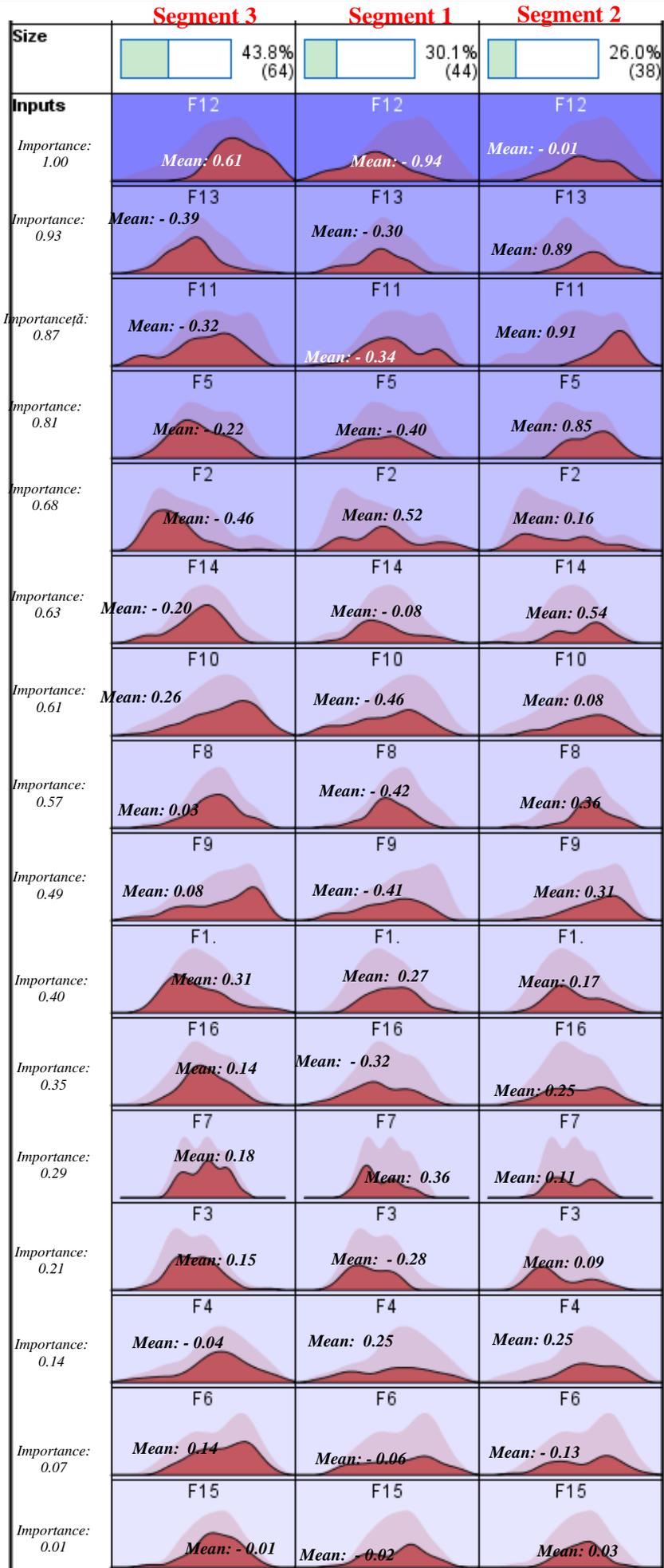


Figure 1: The mean and the distribution of the observed values for each segment

F1: Tourists focused on savings	F9: Personal sources – subjective
F2: Tourists who opt for cheaper accommodation	F10: Tourists who want indulgence
F3: Tourists who prefer longer and luxurious trips	F11: Tourists who appreciate sightseeing
F4: Independent travelers who organize their trips on their own	F12: Relaxing tourism for couples
F5: Tourists who choose affordable accommodation	F13: Religious tourism with the family
F6: Comfortable tourists	F14: Solitary tourists
F7: Traditional marketing sources – objective	F15: Tourists who travel with friends and focus on price
F8: Online marketing sources - objective and subjective	F16: Tourists with family or in a couple who prefer a low key trip

Further, we will interpret and discuss each resulted cluster.

5.2.1. Segment 1

Cluster 1 equivalent to segment 1 contains 29.3% of all of the database’s observations, i.e. 44 respondents who focus on savings and not very demanding. They tend to opt for rented houses in their travels and use their own transportation to save money, but in some cases prefer to fly if the destination is too far away.

Tourists from cluster 1, do not focus on hedonic aspects, such as luxury (-0.46) or the surroundings of their destination (-0.34).

The respondents of segment 1 have in common with the tourists of cluster 2 the fact most of the time that they opt for a type of tourism that is the most accessible and appropriate for the types of trips they pursue.

However, contrary to the tourists in segment 2 who consider the online information sources that are both subjective and objective (0.36), the representatives of cluster 1 are somewhat reluctant to these sources of information and prefer, in some cases, to take into account the traditional and objectives sources because they give them more confidence in the information provided.

This segment includes a greater number of women than men, aged 20-25 years, who generally spend on their journeys between 500-2000 Euros and are not oriented towards activities aimed at indulgence or spoiling. One of the reasons for rejecting this hedonic factor could be the fact that, usually, these tourists travel in groups or alone, and they prefer other types of activities during their vacations.

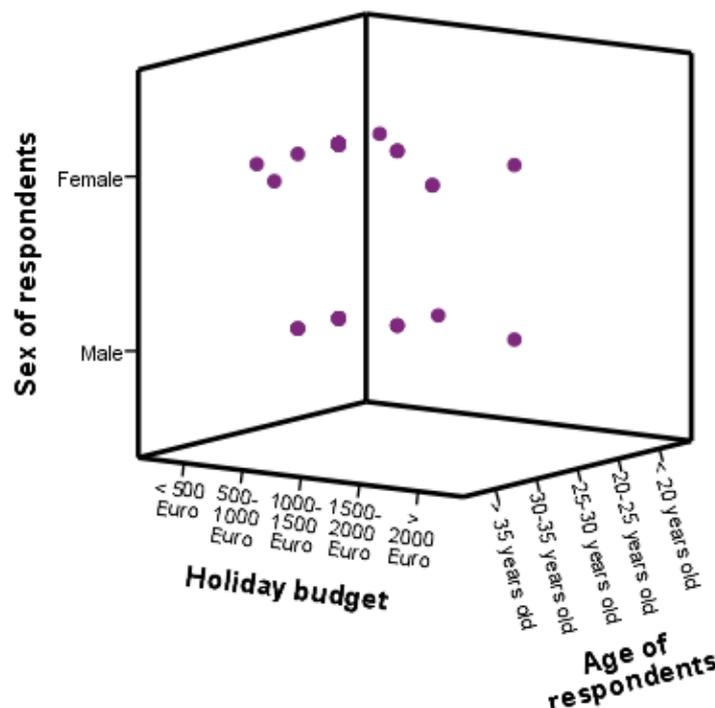


Figure 2. Distribution of segment 1 based on sex, age, and holiday expenses

5.2.2. Segment 2

Regarding segment 2 (38 respondents, 26%), the behavior and decision making process of the tourists from this cluster is influenced in the highest proportion by the information sources available online, that can be both objective and subjective (0.36). These sources occur in the online environment and are promoted by companies or by other tourists who had previous similar experiences. However, the personal and subjective sources, namely the previous experiences of the respondents or relatives' recommendations are exercised at a level where we can say that they help in forming of attitudes regarding a tourism package.

This group includes tourists who buy packages that focus on religious sights and attractions (0.89) and hedonic aspects, such as the surroundings of the tourism destination (0.91). Contrary to the tourists in segment 3, the tourists of cluster 2 sometimes opt for apartments or rented houses and prefer to secure their own transportation (0.25).

Although the respondents of cluster 2 sometimes prefer to go in luxury cruises and get spoiled on their holidays, they do not record scores as high as those in segment 3, where luxury (0.15) and indulgence (0.26) are essential to organized holidays. However, tourists of cluster 2 (0.25) and 3 (0.14) usually prefer to travel with their family or in a couple, registering positive scores for these variables that were formed in factor analysis.

The 38 respondents of this homogeneous group appear to for the most part tourists with families, (0.89) (a small portion mentioned they are single and travelling alone) as the predominant age range of this group is over 40.

Tourists in this segment generally spend on holidays sums that do not exceed the threshold of 500 euros. Also, in this group the sex demographic is quite even.

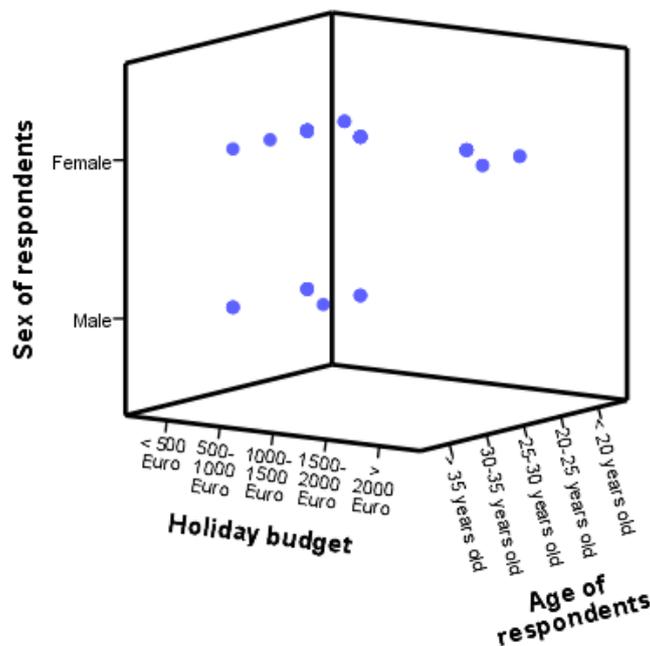


Figure 3. Distribution of segment 2 based on sex, age, and holiday expenses

5.2.3. Segment 3

The 64 representatives (43.8%) of segment 3 are aged between 25-30 years old and they usually spend between 500 and 1000 euro on their tourism package. For the most part, the respondents in this cluster are pursuing affordable tourism (0.31).

The third segment presents responses from more women than men. They prefer relaxation in a couple (0.61) and indulgence or spoiling (0.26). They do not want to make savings in terms of their accommodation (0.46) or transportation compared those in segment 1 who choose not to spend huge amounts on accommodation and pampering (-0.46) during their vacations.

Also, consumers in cluster 3 are not very interested in hedonic aspects, such as the visiting the surroundings (-0.32) compared to those in segment 2 who consider sightseeing as very important (0.91). Regarding the personal and subjective sources of information they do not have a large influence on the tourists of segment 3 (0.08) compared with those in group 2 who reported a score of 0.31. Mostly, the respondents of cluster 3 usually choose to take into account the traditional and objective information sources, recording a score of 0.18.

Regarding the arrangements for accommodation, we observe negative scores for 2-3 star hotels and guesthouses for both cluster 1 and 3, however, the tourists in group 1 usually pick cheap accommodation types such as hostel and motel; while those in segment 3 prefer luxurious accommodation in the form of 4-5 star hotels.

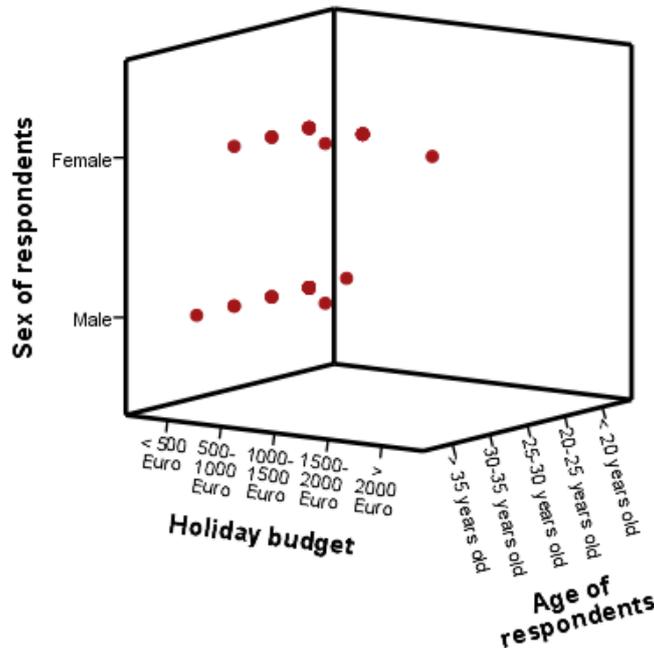


Figure 4. Distribution of segment 3 based on sex, age, and holiday expenses

6. Conclusions

6.1. Theoretical Contributions

In the current context characterized by the fact that tourism is one of the most important industries in the world, the research that is the subject of this article sought to explore some dimensions of tourism behavior of 154 persons from Romania.

Consumer purchase behavior should be studied in terms of several models that arise during the buying process because it depends on various factors that may occur during an acquisition (e.g. type of holiday, the reasons and factors that determine a particular procurement, lifestyle, social position). Another impediment in terms of tourist products and services is intangibility of these offers, which often leads to doubts and uncertain decisions during the execution of a purchase. This is why consumers can sometimes listen to advice from friends, relatives, travel agencies or TV; these influences may cause some problems for companies when studying tourism consumption patterns.

In conclusion, the subject of consumer behavior is the main key to the foundation of all marketing activities which is implemented to establish, promote, and sell different products and services. In order to enhance the effectiveness and efficiency of marketing activities, companies have to understand how consumers make their decisions to buy different products. If they are conscious of the behavior patterns of consumers, what motivates them or what determinates them to purchase, then they will know when to intervene in the process to obtain the results that they want and also who to target at a particular time with a specific product or service.

Moreover, the decision-making process in tourism is really complex and it is influenced by various factors and many decisions, which additional are directly controlled by motivators, determinants and segmentation criteria. Segmentation divides the population into subgroups of people who have the same purchase characteristics. It seems that the decision of every person from the subgroup is driven by a range of influences, that are subdivided into four criteria: demographic (age, sex, religion, family status), geographical (region, countries, population), psychographic (lifestyle, personality), behavioristic (relationship between the tourist and the product- benefits, advantages that a customer expects to receive from a product).

Romania has a well-developed tourism potential, but currently, the means of country promotion (particularly in health tourism and winter) are not very well capitalized and used. This paper aimed at providing new insights into the behavior of tourists and the factors that influence the decision making

process for Romanian tourists. Therefore, I considered that any development that leads to better understanding and better promotion of tourism is welcomed. Also, future studies will attempt to emphasize new consumer trends of travel, and more exactly the dimensions of consumer behavior that exert a higher impact on changing their buying behavior.

6.2. Implications for Managers

In conclusion, it is critical for a tourism entrepreneur to be aware of the three main stages in the decision-making process in order to have a profitable business. These levels are: pre-decision stage and decision process, post-purchase evaluation, future decision-making. Thereby, the purchase process is the result of three factors: motivators, acknowledgment, perceptions and determinants (Swarbrooke and Horner, 2007). These aspects will be further developed in future studies.

Is essential for a company to satisfy the needs of their targeted consumers. In his distinguished work, Philip Kotler says that 'usually, the sales of a company comes from two groups: new customers and repeat customers (customers who are loyal to a company)'. An estimation shows that attracting new customers can cost five times more than satisfying a customer who is loyal to the particular company. Also, may cost sixteen times more to bring a new customer at the same level of profitability that the one already lost.

Customer retention is therefore much more important than customer attraction. For this reason, it is necessary that tourism managers to fully comprehend all the dimensions that lead to the manifestation of a particular tourist behavior.

6.3. Limitations and Future Research Directions

The limits of this study include those commonly associated with online surveys, including unsystematic sampling procedures, low response rates, weak links between units of analysis and respondents. While the representativeness of the sample can always be improved, for this research particular efforts were made in order to obtain a high response rate and to have a sample which reflects the target population.

Besides the outlined goals, the present research has proposed a validation of the statistical methods used, but for the future it is recommended the improvement of the statistical methods used by performing some additional statistical tests to validate the statistical significance of the results and determine a representative sample (which in this research was not a principal purpose).

Especially in terms of consumer behavior in tourism, it can be argued in favor for a longitudinal study to track and confirm the model based on the behavior of a group of tourists. A cross-sectional study differs from the longitudinal research in the homogeneity of groups and the users' experience of purchasing tourism products.

Also, the research can be extended internationally to observe a comparison analysis between similar data from Eurostat and the opinion of tourists who live in different geographical areas and come from different cultures.

In this sense, to cover any potentials gaps, it is important to realize some researches which will be focus on applying the questionnaire on different types of tourists, with the mediator effect of culture and frequency of trips and vacations.

Moreover, in terms of limitations and future lines of research, the present study examines the general purchasing behavior of some tourism services, without specifying different destination countries.

This research leaves additional new research directions that need answers. Future research will focus on the tourist market segmentation by holiday type. Thus, I will try to determine the profitability of business tourism compared to mass tourism, or leisure tourism, and the dimensions of consumer behavior that are triggered more strongly for efficient advertising campaigns targeted by these two types of tourism. Also, the research can be extended in terms of studying tourist behavior for a particular hotel chain (luxury hotels or accessible in terms of the budget of tourists).

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Alignment Effectiveness for Value Creation with Information Systems

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Enterprises often face problems while executing business strategies to exploit opportunities or solve problems. Within enterprises, strategy blindness could be affected by mistranslation of strategic intent, flexibility of the information system, or cognitive entrenchment. The alignment between business strategy and business processes is a critical factor in the ability of enterprises to overcome the phenomenon. Opportunities for value creation include magnifying the positive spread in cash flow or pursuing growth opportunities. Information systems could greatly simplify the processes involved in business strategy by integrating process-related decision-making with the business strategy. Decision support tools such as knowledge management, decision strategy, decision content, and expert groups, customised for organisational information systems can help enterprises optimise operations in a variety of ways such as becoming more responsive to changing market conditions in hypercompetitive markets. Greatest opportunities for decision support are incorporating external sources of data such as economic data and user behaviour analytics. Benefits are more effective utilisation of resources, larger product portfolio, better product or service quality, and shorter delivery times.

Keywords: Business Strategy, Value Creation, Information System

JEL Classification: M10

1. Introduction

In the presentation is an analysis of business strategy for value creation using information systems within enterprises across industry sectors. Beginning with an extensive analysis of business strategy and value creation within contemporary enterprises, the author reviews the use of information systems to exploit value creation opportunities through spread and growth. In the discussion are also factors that affect the use of information systems while executing business strategy. Best practices from academia and industry experts show how firms could use information systems more effectively by customising the systems for their organisation-specific environment and business practices.

2. Literature Review

2.1. Business Strategy

Strategy pyramid is a process for strategy development with systematic strategic planning built into the planning and budgeting process. Nine building blocks makeup the strategy pyramid (see Figure 1). A sound

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Article History:

Received 14 July 2014 | Accepted 23 July 2014 | Available Online 23 August 2014

Cite Reference:

Mitambo, M., 2014. Alignment Effectiveness for Value Creation with Information Systems. *Expert Journal of Business and Management*, 2(1), pp. 30-36

knowledge of the business is the base of the strategy pyramid. Goals and objectives for the business are based on sound business knowledge and supported by market demand forecasting. Gauging industry competition and tracking competitive advantage are important building blocks for targeting the strategic gap. Business strategy is about bridging the gap, and corporate addresses bridging the gap. The final building block is about addressing risk and opportunity. It is helpful to distinguish between business and corporate strategy, which are distinct but related fields. Business strategy involves a product or service with a cost structure, while corporate strategy involves allocating organisational resources for the business strategy. The corporate strategy could include a portfolio of business strategies. Both business and corporate strategy could benefit from tools, such as a matrix with indicators.



Figure 1. Strategy Pyramid
Source: Evans (2013)

Strategy should not be confused with business model, which is influenced by computers and spreadsheet software. Business model is the economic underpinning of an enterprise strategy, which includes the activities associated with making a product or service and marketing. A sound business model is the basis of a viable organisation, describing in a systematic manner how the pieces of a business fit together to generate income. Competition, a critical dimension of performance, is not factored in the business model. Business strategy is a process with activities to transform inputs into outputs.

Strategy should be used to enter and build defensible positions in the market by exploring potentially strategic moves such as using innovation to overcome barriers to entry. A good strategy is only a part of the process, where implementation is crucial. Implementation involves alignment between strategy and the day-to-day details of how a company operates. Action plans are instrumental in aligning business strategy, because managers cannot expect to set instructions and expect results. Consistent behaviour, training, and reinforcement are necessary to support action plans. Since employees play a critical role in implementing business strategy, harnessing their energy and commitment to strategic change is the management's challenge. Employees need motivation to do the right things well, and real incentives are necessary. Managers also need to monitor the performance of the strategies and identify areas for intervention.

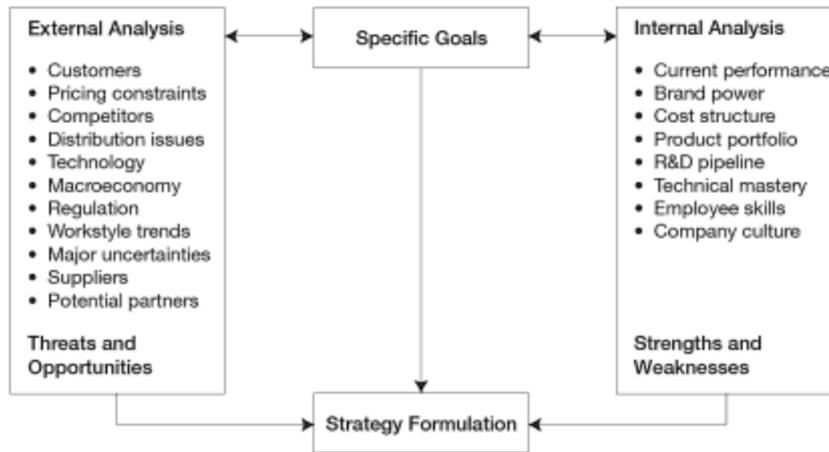


Figure 2. Strategy Formulation
 Source: *Harvard Business Review* (2005)

Goals are the building blocks of business strategy, where strategic choices emerge from looking outside as well as inside the organisation (see Figure 2). External and internal factors clarify the operational environment, enabling the management do better and mission its desired future. External analysis is the essence of competitive strategy, where external stakeholders including customers, competitors, suppliers, and regulators have an impact on profit potential. Internal factors influence the organisational capacity in achieving goals. Technology is a part of the competitive environment and is always changing, making existing ways of doing things obsolete. The role of information technology in business modelling and business strategy cannot be ignored.

2.2. Value Creation

In a globalised economy, businesses need to manage themselves more effectively in a rapidly advancing world characterised by dependence on foreign labour and separation of functions. Economic conditions require enterprises to re-evaluate its business segments. In today's economic environment, information technology is an absolute necessity. However, enterprises still need to understand how to improve their information systems for long-term success and growth. Information technology needs to be integrated into the definition of business value within enterprises.

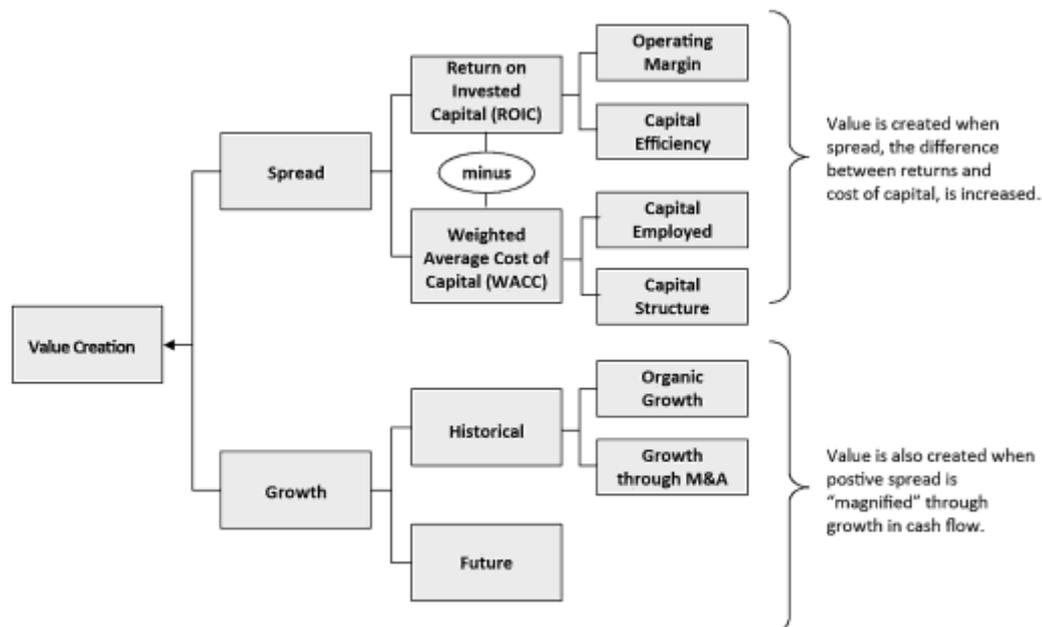


Figure 3. Value Creation
 Source: *Bhatia* (2012)

Value creation involves magnifying the positive spread in cash flow through pure greenfield innovation or mergers and acquisitions (see Figure 3). Spread is the difference between the rate of return on the investment and the cost rate for the money. Growth is another component of value creation, which is an outcome of innovation in products and services. Strategic mergers and acquisitions could contribute to the growth.

In the context of business strategy, it is the management of strategic options for growth. Strategic option involves making a specific and fundamental change to the value proposition, value network, and revenue model.

2.3. Information Systems for Value Creation

For business organisations, activities are becoming more and more dependent on information systems - in order to achieve greater effectiveness in business outcomes, strategies need to inspire more strategic information systems. A survey of chief information officers in manufacturing organisations showed that infrastructure-related activities inspire technical, personnel, and procedures planning, whereas core areas only lead to procedures planning. Mirchandani and Lederer (2014) show greater effectiveness from technical planning rather than personnel and procedures planning. The implications of the findings are for managers who need to reconsider how their organisations respond to needs, and how they should adjust their business strategy.

2.4. Alignment Effectiveness

Within businesses, information systems are strategic to realise desired intent. Even though experts recommend aligning information systems functionality with strategic intent for implementing strategically-aligned systems, little is known how to do it in practice. Arvidsson, Holmström, and Lyytinen (2014) argue when an organisation implements a strategic system but fails to produce the intended change; the outcome is strategy blindness, or the inability to realise the strategic intent. Factors contributing to strategy blindness are mistranslation of intent, flexibility of the information system, and cognitive entrenchment. Businesses could achieve better outcomes in dealing with strategy blindness by working around these factors.

3. Research Premises

Henfridssona and Lindb (2014) explain improvising strategy, and deliberate actions contribute to realising strategic intent using information systems. In technology-mediated practices, emergent patterns of action are associated with strategy building. The process involves groups, within the business, who initiate strategy contents for their activities, suggesting the usefulness of the bottom-up effort in the strategy-as-practice approach.

Information systems within businesses could support strategy by making contributions in a variety of ways argue Leonard and Higson (2014). Fluidity and extensiveness of system use for wide-ranging strategy patterns or the ability to change system use as needs change, for instance, where top managers engage in interactive strategising. Interactive and procedural strategies could be related to the importance of the system, where strategies are more likely to occur if the system has strategic significance. The system could also identify activities of managers, and identify processed champions, in order to orient them towards the organisation's goals, provide guided support, and encourage fluidity.

4. Research Methodology

From an extensive review of the literature, the author identified the key concepts within the business strategy phenomenon and value creation using information systems. In the investigation on value creation using information systems, content analysis from industry cases was empirically grounded, exploratory, and predictive or inferential. Content analysis allowed the author to provide a unique perspective on the phenomenon based on industry evidence. The qualitative approach for the analysis allowed the author to understand value creation strategies that are most appropriate for enterprises (see Figure 4).

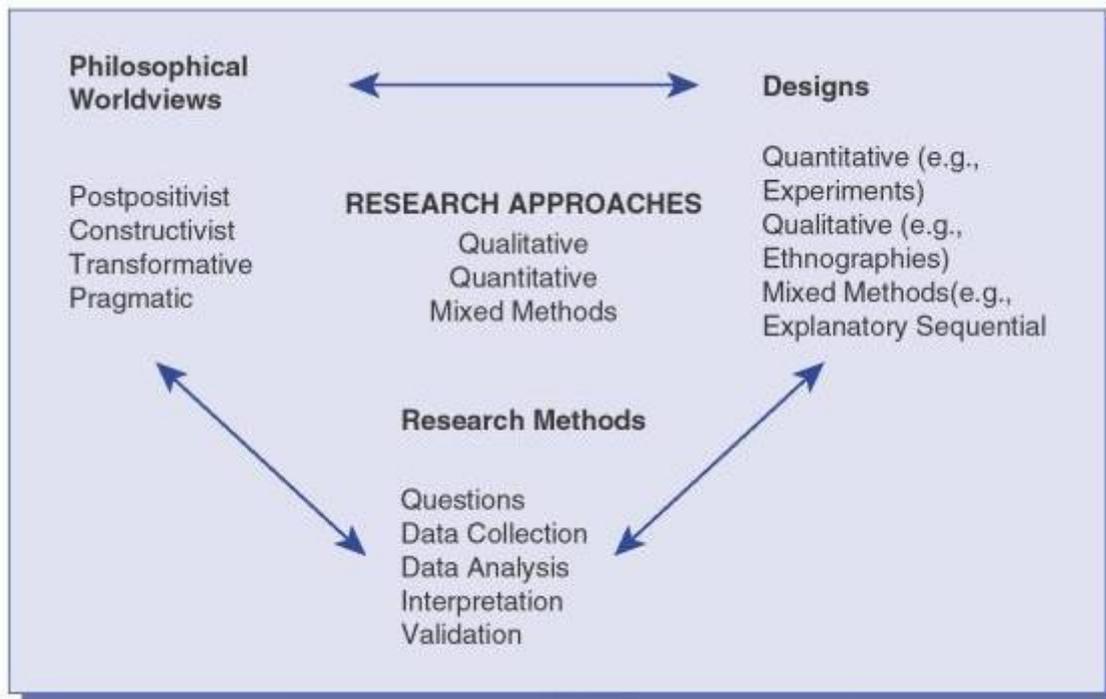


Figure 4. Research Framework
Source: Creswell (2014)

5. Analysis and Results

5.1. Case Studies

Kalkan, Erdil, and Çetinkaya (2011) argue that information systems and business strategy need alignment for improved business performance. Organisation-specific variables such as firm size, information technology architecture, and business strategy could affect the firm's performance. For the specific strategy of prospecting, for instance, economic conditions such as changes, technological development, and globalisation detected by the information system could offer opportunities.

Dong, Liu, and Yin (2008) found that the alignment is a better predictor of business performance than strategy or information system alone. Alignment between business strategy and information system is crucial for the enterprise to be competitive. It is necessary to discover the similarity, maturity, and capability for aligning the business strategy and technological assets.

Industries across sectors are benefiting from decision support and intelligent systems. For instance, the tangible goods market is experiencing a shift from single individual products to individualised mass customisation. Techniques such as hybrid value bundles are helping manufacturers achieve market share, allowing for differentiation from competitors, with combined solutions for tangible and intangible goods. Customer integration, different product life cycles, and product specifications are values within a risk management model that takes care of the product strategy. Information systems could greatly simplify the process and integrate product-related decision making with the business strategy.

Information systems could also aid in business strategies involving capacity planning and performance contracting. Capacity investment is a critical activity in wide-ranging industry sectors such as health care facilities, information technology services, and contract manufacturing (Jiang and Seidmann, 2014). The business strategy is to compete on quality and speed. Insufficient capacity could mean loss of income for the firms, and managers want to ensure that they are neither over nor underinvested in capacity. The approach requires the integration between business intelligence and strategy. Managers could model extreme scenarios and use the understanding for business strategy and capacity planning, which could be enhanced by information systems.

Online retailing is another area that could benefit from information systems, where the key to success is about getting the pricing right. In online retailing, where shoppers enjoy unprecedented opportunities, online retailers try wide-ranging strategies. Personalised pricing strategies and randomised pricing are typical strategies used by online retailers. Information systems could aid in understanding consumer behaviour and developing a pricing strategy. Smart consumers trade off between buying immediately at a high price and

buying later at a low price. Wu, Li, and Xu (2014) show that randomised pricing strategy could generate more profit than a flat pricing strategy by understanding the relationship between customers' patience and the discount factor on optimal prices.

Enterprises could also become agile by using decision support systems in the cloud to take advantage of data analytics in the cloud, to achieve scale, scope, and speed of economies. The approach requires the integration of information technology with decision sciences, which could greatly enhance decision-making. For firms operating in hypercompetitive markets, user expertise in information systems is necessary. Components of decision support systems include knowledge management, decision strategy, user groups, and decision context. For a firm using an intelligent decision support, marketing managers could develop more effective marketing campaigns, for instance, or manufacturing managers could be more responsive to market demands. In the industry, the debate continues on technological, managerial, strategic, and economic factors for innovations in information technology for enterprises.

Practices within enterprises have become more dependent on data, making the case for integrated information systems to utilise resources effectively, increase products, improve quality, and shorten delivery time. Information systems could do much more than the traditional enterprise resource planning systems widely used by managers. Uçaktürk and Villard (2013) argue integrated information systems could enhance managerial decision-making with advanced, transformable, and well-considered decisions.

Information systems could also help enterprises deal with economic cycles and developments in global business practices with inputs from expert sources. The multi-centred and collaborative approach involving inputs from industry experts could greatly enhance managerial decision-making within firms.

6. Discussion and Conclusion

Despite the availability of spreadsheets and models, enterprises face problems with their business strategies to exploit opportunities or remedy troublesome situations. The alignment between business strategy and business processes is a critical factor in the ability of enterprises to overcome strategy blindness, which could be affected by mistranslation of strategic intent, flexibility of the information system, or cognitive entrenchment.

Firms could create value by magnifying the positive spread in cash flow or pursuing growth opportunities. Information systems could greatly simplify the processes involved in business strategy by integrating product- or service-related decision making with the business strategy. Decision support tools, including knowledge management, decision strategy, decision content, and expert groups, embedded in information systems can help enterprises optimise operations in a variety of ways such as becoming agile to become responsive to changing market conditions in hypercompetitive markets.

Incorporating external sources of data, such as economic data or user behaviour characteristics, provide the greatest opportunities for decision support. Benefits include more effective utilisation of resources, larger product portfolios, better product or service quality, and shorter delivery times. Managers could benefit from advanced, transformable, and wide-ranging decision scenarios. Opportunities also exist for multi-centred and collaborate decision-making with inputs from industry experts.

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