

TABLE OF CONTENTS

1. INTRODUCTION	5
1.1. PROBLEM IDENTIFICATION	6
1.1.1. PROBLEM STATEMENT:	7
1.1.2. PROBLEM STATEMENT ELABORATION	8
1.1.2.1. Purpose and Structure	8
1.2. METHODOLOGY LIMITATIONS	9
2. BACKGROUND	12
2.1. WLN CHARACTERISTICS	13
2.2. ADVERTISERS	14
2.3. READERSHIP	14
3. CONSUMER BEHAVIOR	16
3.1. READER CHARACTERISTICS	16
3.2. INVOLVEMENT	17
3.3. REFERENCE GROUPS	20
4. LOYALTY	22
4.1. DEFINITION	22
4.2. LOYALTY INFLUENCERS	23
4.3. LEVELS OF LOYALTY	24
4.4. LOYALTY AND COST-EFFECTIVENESS	28
5. ECSI	29
5.1. ECSI BACKGROUND	29
5.2. CONTENT OF THE BASIC ECSI MODEL	30
5.2.1. BASIC ECSI VARIABLES	31
5.2.1.1. Image	31
5.2.1.1.1. Definition	31
5.2.1.1.2. Empirical Research	32
5.2.1.1.3. Operationalization	33
5.2.1.2. Expectations	34
5.2.1.2.1. Definition	34
5.2.1.2.2. Empirical research	34
5.2.1.3. Perceived Quality of Hard Ware	35
5.2.1.3.1. Definition	35
5.2.1.3.2. Empirical Research	36

5.2.1.4. Perceived Quality of Human Ware	37
5.2.1.4.1. Definition	37
5.2.1.5. Perceived Value	38
5.2.1.5.1. Definition	38
5.2.1.5.2. Empirical Research	39
5.2.1.5.3. Operationalization	40
5.2.1.6. Customer Satisfaction	40
5.2.1.6.1. Definition	40
5.2.1.6.2. Empirical Research	42
5.2.1.7. Customer Loyalty	43
5.2.1.7.1. Definition	43
5.2.1.7.2. Empirical Research	44
6. QUALITATIVE RESEARCH	46
6.1. FOCUS GROUP METHODOLOGY	46
6.1.1. GROUP COMPOSITION	47
6.1.2. THE AFFINITY DIAGRAM	48
6.1.3. THE FOCUS GROUP SESSIONS	48
6.1.4. FOCUS GROUP RESULTS	50
6.1.4.1. Overall Focus Group Results	51
7. COMPLETION OF THE CONCEPTUAL MODEL	52
7.1. LOCAL NEWS	52
7.1.1. DEFINITION	53
7.1.2. EMPIRICAL RESEARCH	53
7.1.3. OPERATIONALIZATION	54
7.2. HOUSING	55
7.2.1. DEFINITION	55
7.2.2. EMPIRICAL RESEARCH	55
7.2.3. OPERATIONALIZATION	56
7.3. CULTURAL OFFERS AND SPORTING RESULTS	57
7.3.1. DEFINITION	57
7.3.2. EMPIRICAL RESEARCH	57
7.3.3. OPERATIONALIZATION	58
7.4. FREE AND HOUSEHOLD DISTRIBUTED	59
7.4.1. DEFINITION	59
7.4.2. EMPIRICAL RESEARCH	59
7.4.3. OPERATIONALIZATION	60
7.5. OTHERS	60
7.5.1. DEFINITION	60
7.5.2. EMPIRICAL RESEARCH	61
7.5.3. OPERATIONALIZATION	64

7.6. SATISFACTION & LOYALTY	64
7.6.1. DEFINITION	64
7.6.2. EMPIRICAL RESEARCH	66
7.6.3. OPERATIONALIZATION	67
7.7. THE CONCEPTUAL MODEL	68
8. QUANTITATIVE METHODOLOGY	69
8.1. QUESTIONNAIRE DESIGN	69
8.2. SAMPLING	72
9. QUANTITATIVE ANALYSIS	74
9.1. DATA CLEANING PROCESS	75
9.1.1. MISSING VALUES	75
9.2. FACTOR ANALYSIS	77
9.2.1. FIRST STEP	77
9.2.2. SECOND STEP	78
9.2.3. THIRD STEP	78
9.3. RELIABILITY ANALYSIS	79
9.4. MODEL ESTIMATION	81
9.5. MODEL VALIDATION	82
9.5.1. HYPOTHESES CONFIRMATION OR REJECTION	84
9.7. IMPLICATIONS OF THE RESULTS	87
10. CASE STUDY - FREDERIKSSUND AVIS	90
11. RECOMMENDATIONS	96
11.1. PRIORITY MAPS	96
11.2. PRIORITY MAPS - WLN MODEL OF READER LOYALTY	97
11.2.1. INDEX VALUES	97
11.2.2. STRATEGIC PERSPECTIVE - WLN MODEL OF READER LOYALTY	99
11.2.2.1. Threats	99
11.2.2.2. Strengths	100
11.2.2.3. Opportunities	101
11.2.3. OPERATIONAL PERSPECTIVE – WLN MODEL OF READER LOYALTY	103
11.2.3.1. Priority Map for Image	103
11.2.3.2. Priority Map for Others	106
11.3. PRIORITY MAPS - FREDERIKSSUND AVIS	108
11.3.1. INDEX VALUES	108
11.3.2. STRATEGIC PERSPECTIVE – FREDERIKSSUND AVIS	109
11.3.2.1. Threats	110
11.3.2.2. Strengths	111
11.3.2.3. Weaknesses	112
11.3.3. OPERATIONAL PERSPECTIVE – FREDERIKSSUND AVIS	113

11.3.3.1. Priority map for <i>image</i>	113
11.3.3.2. Priority map for <i>others</i>	114
11.4. FINAL RECOMMENDATIONS	117
12. CONCLUSION	119
13. ALTERNATIVE PERSPECTIVE	122
BIBLIOGRAPHY	124
BOOKS	124
ACADEMIC ARTICLES	125
SURVEYS	127
INTERVIEWS	128
WEBSITES	128
OTHERS	128
<u>APPENDICES</u>	

1. INTRODUCTION

In the business world today it is essential for companies to put focus on the customers and their needs, in order to uphold a thriving business and achieve and retain satisfied and loyal customers. It is well known that there is a strong link between customer loyalty, customer retention and profitability. Therefore creating satisfied and loyal customers is the main objective for many companies. Building and maintaining loyalty is one of the main keys to securing the future competitive position. However, loyalty is a complex task, since it depends on the type of product and since the reasons for loyalty behavior are individual.

It is getting more difficult for businesses to determine the most efficient and effective media to advertise in, since new media arise and old media optimize their offers constantly. Nevertheless, one media has been around forever so to speak. It has not changed dramatically throughout the years, but has still been capable of maintaining high readership and attracting a large segment of the advertising funds spent in Denmark; Weekly Local Newspapers (WLN). For 150 years the WLN has been a very important media in the local communities.

WLN do not have the glossy paper and high print quality like the magazines, the ability to use both sound and visibility like the Internet and TV, or the ability of providing high frequency like e.g. the daily newspapers. Still, the majority of readers remain loyal towards the WLN and read the papers week after week – Why is that? Is it due to the fact that there is no other media that can provide the local proximity coverage? What does the WLN have, that retains the readers' attention and creates loyalty?

The posed questions and many additional aspects of WLN reader loyalty is what this thesis emphasizes. The challenge takes its starting point in the known facts about the WLN: it provides proximity, a sense of community, and an update on local matters. Proximity is what WLN, like no other media, can provide. The sense of community and being updated on local matters are equally superior motives for the WLN readers to be loyal towards the media. As mentioned, the thesis will take its point of departure in the known facts about WLN and will then seek to illuminate the detailed and specific drivers of WLN reader loyalty.

1.1. Problem Identification

Within the last years, retrieving loyal customers has been the aim of many companies. In relation to WLN¹, loyalty is not the first thing that comes to mind, since the WLN do not have many direct competitors that offer the same product attributes. However, since the merger of Danish municipalities in January 2007, an increasing tendency for municipalities having more than one WLN has been seen.² This creates increasing competition for the individual WLN, if it has to compete with a similar media for the same readers. Furthermore, since 2001 the industry has experienced a decreasing turnover, due to competition from the retailers' direct mail advertising among others.³ In addition, the readership has decreased during the previous years.⁴ The advertisers have also been provided with more opportunities to distribute their message through other means e.g. the Internet, hence the competition for the advertisers' money has increased.⁵ However, no other type of media can provide the proximity the WLN can, but there might be media that could possibly replace it in the future. Therefore loyalty is a very essential theme. In the near future, web-communities evolving around the local community are also assumed to be a potential threat to the WLN.⁶ With the right management, web-communities can provide the same information a WLN can e.g. local news and debates among readers and editors, in a more up-to-date form. The above outlined situation concerning the increased competitive media market is forcing the WLN to divert attention to achieve and retain loyal readers.

It is interesting to examine why readers read their WLN frequently and which drivers influence their loyalty. It is attention-grabbing because the aim for the WLN is to still achieve and retain loyal readers in the future. Hereby, it needs to be clarified, which attributes of the WLN creates reader loyalty in order to maintain a high level of readership. The competition on the media market is intense and the WLN still needs the advertisers to place advertisements in the paper. To attract the advertisers, WLN have to have high readership and loyal readers to show for.

In connection to the above mentioned aspects, it is important to determine, which factors influence the loyalty as well as what initiatives are needed in order to maintain reader

¹ Weekly Local Newspapers

² De Lokale Ugeaviser - <http://www.delokaleugeaviser.dk/sw/frontend/show.asp?parent=71649&layout=5>
25 April 2007

³ Danish translation "tilbudssaviser/tryksagsreklamer"

⁴ Appendix 2 – E-mail correspondence with Lone Søndergaard, Head of Development -Politikens Lokalaviser, 30 April 2007

⁵ Grønholdt, Lars et al. (2006), p. 85

⁶ Appendix 14 – Interview with Lone Søndergaard, Head of Development at POLA and Jacob Kaspersen, Head of Frederikssund Avis, 10 January 2007

loyalty. The introduction and the problem identification leads up to the following problem statement.

1.1.1. Problem Statement:

Which drivers are most important when achieving and retaining loyal readers of Weekly Local Newspapers?

Develop a conceptual model that identifies the main reader loyalty drivers for WLN. Verify the model by demonstrating the drivers' influence on reader loyalty and recommend future initiatives for the WLN, which can achieve and retain loyal readers.

The problem statement above will be answered through the following **sub-related questions**:

- What are the characteristics of WLN?
 - How is the reader behavior?
- What is loyalty?
 - What determines a loyal reader?
 - What are the levels of loyalty?
- How is a model for determining reader loyalty among WLN developed?
 - Which drivers have an influence on WLN reader loyalty?
 - Which relationships exist among the drivers, perceived value, and satisfaction & loyalty?
- Is the developed model valid and useful in practice?
 - Which drivers have the largest impact on WLN reader loyalty?
 - How strong are the relationships among the variables?
- Which initiatives are needed for WLN, in order to achieve and retain loyal readers in the future?
 - What are the threats, strengths, weaknesses, and opportunities of future WLN reader loyalty?
 - Which initiatives are needed for Frederikssund Avis, in order to achieve and retain loyal readers in the future?

1.1.2. Problem Statement Elaboration

From the questions above, it is aimed to discuss what loyalty is and what opportunities WLN's have to obtain loyal readers. The background of the WLN and the characteristics of the media, together with the reader behavior, will serve as the foundation for the thesis. Parallel to WLN's as a media, the thesis will present aspects of loyalty, to get a deeper understanding of the concept and to clarify, how it will be employed during the thesis.

The analysis takes its starting point in the frame of reference, which is developed on the basis of the ECSI model. The frame of reference will elucidate how loyalty for WLN's is built and demonstrate the relationships among the variables. A conceptual model is developed and hypotheses of the relationships are posed. Hereafter, the hypotheses will be confirmed or rejected and the significant relationships among the variables will be determined. Thereby the WLN Model of Reader Loyalty is created.

The drivers, which have an influence on reader loyalty, will be able to be utilized in recommending what WLN's should put focus on in order to achieve and retain loyal readers.

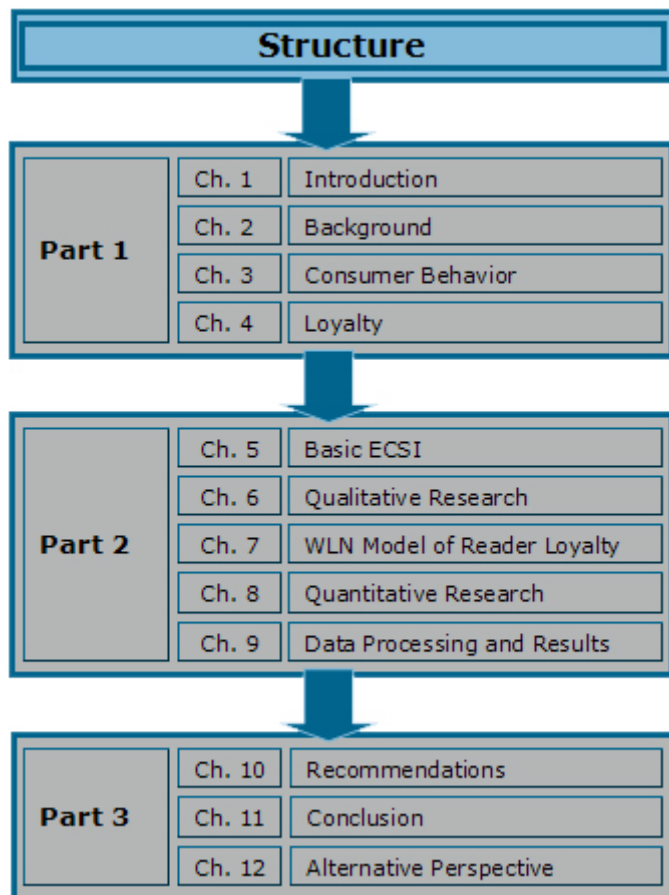
It is chosen to focus on the factors that make readers read the WLN continuously and it will be further exemplified by a case study. The case study concerns Frederikssund Avis.

1.1.2.1. Purpose and Structure

The purpose of the thesis is to develop and test a conceptual model that can be utilized by WLN's in order to achieve and retain loyal readers. The WLN Model of Reader Loyalty should function as a strategic tool for WLN's in need of loyal readers.

The thesis takes a deductive approach where the aim is to take a point of departure in theory. The thesis will connect from the general to the more specific form, and the theoretical framework will be the base. Secondary literature is utilized for the development of the frame of reference and will be supplemented with primary collected data. In order to test the frame of reference primary data collection is employed.

In the following, the structure of the thesis is outlined to provide an overview of the main content of each chapter and thereby increase the readability.



Part one serves as the foundation for the thesis. Part one identifies the problem and gives insights into the background of the media, factors of consumer behavior including loyalty. **Part two** is the analysis and is based on secondary data and primary data. This data is utilized to develop a conceptual model based on the ECSI model and to pose hypotheses for testing. From the developed model as a base a questionnaire is assembled and the relationships of the model is presented. **Part three** is the action-orientated part of the thesis; where the results from the quantitative analysis is among others showed in priority maps, which are the basis for the recommendations for WLN in

general, and for the case study of Frederikssund Avis.

The basic methodology limitations are outlined below. However, throughout the thesis methodology considerations will be written where it is found relevant to explain the choices made.

1.2. Methodology Limitations

In connection to the problem statement, some limitations are chosen in order to keep focus on the subject, which is the consumer aspect of **reader loyalty towards the WLN**s. The thesis could also have included the business-to-business aspect concerning the advertisers' loyalty or exclusively have focused on this. However, it is found necessary to narrow the scope down to the consumer aspect of loyalty, since consumer behavior is an area with many aspects, and to cover it reasonably, the focus needed to be kept on one aspect of loyalty; consumer (reader) loyalty. Therefore, advertising in WLN is not a focus area but it will be included where it is found relevant.

The analysis will focus on WLN in Denmark in general and the developed conceptual model will serve as an overall generic model of WLN reader loyalty. However, there will be a higher **representation of data** on the WLN from the eastern part of Zealand,

since the thesis is carried in collaboration with Politikens Lokalaviser (POLA) that owns 25 of Zealand's WLN's.

The ECSI model is chosen as the base for the theoretical framework to determine how WLN's can achieve and retain loyal readers. ECSI is meant to apply to brands, industries, or countries. ECSI is chosen because all WLN's are viewed as a media group and they are hereby seen as an industry. When a WLN is emphasized as an individual paper (e.g. Frederikssund Avis), it is seen as a brand. Therefore ECSI is seen as being applicable in the case of WLN reader loyalty, since the ECSI model can apply to both an industry and a brand. Based on this, ECSI is chosen as the main foundation for the construction of the conceptual model. The thesis takes its starting point in the basic ECSI and its favorable aspects, and the developed model will contain elements from the original ECSI. The aim is to measure reader loyalty by utilizing the already tested measurement methods of the ECSI framework and then modifying it to the WLN industry.

It should be recognized that the **free newspapers** (Urban, 24 Timer etc.) are not seen as direct competitors to WLN's, since they do not publish the local proxy matters and since they are not household distributed in all Danish cities. Therefore the free newspapers are not largely involved in the thesis, since they are not seen as a direct threat to WLN's, however, their existence should not be neglected.

It is chosen **not to include Søndagsavisen**, when speaking of WLN's, since Søndagsavisen does not write about local matters, and since it is distributed regionally to all households in Denmark.⁷ Therefore, in the exceptions where Søndagsavisen is included, it will be clarified.

If the thesis should have approached the development of the WLN Model of Reader Loyalty to an optimum, it should first have been **assembled and tested** the model and hereafter the developed model should have been tested on Frederikssund Avis. When the general model had then been tested, adapted, and the bias had been corrected, the questionnaire to the Frederikssund Avis area should have been distributed and the model hereafter being fitted to the specific case. The general questionnaire and the specific questions to Frederikssund Avis are in this thesis distributed concurrently; therefore there is no margin to learn from the errors made and hereby adapting the model/questionnaire to the optimum. The thesis will develop a model for the WLN industry and a test of the model with Frederikssund Avis as a case study will be

⁷ <http://www.sondagsavisen.dk/site/Sondagsavisen/> 20 December 2006

conducted. Due to limited time and space it is chosen to apply the method of distributing the general and specific questionnaires simultaneously.

2. BACKGROUND

The first WLN was the Copenhagen "Huusposten", which was first published in 1850.⁸ Before that, the so-called "commission-newspapers"⁹ had been around for approximately 80 years, published in Copenhagen as well. The provinces got their first WLN in 1890 and the number increased at a rapid pace. Especially in the 1920's and 1930's, the WLN got a foothold in the media market. In this period, many daily newspapers went bankrupt, and therefore the daily newspapers, which were left, had a larger district to cover, and thereby neglected the local matters they had previously been able to cover. The many bankruptcies also led to higher advertising prices in the daily newspapers, but the local stores and tradesmen still needed to advertise to the local community, which created a gap in the market. This gap was quickly closed by the WLN. During the Second World War and in the post war period, the editorial contents of the WLN were expanded, which made them chief competitors to the daily newspapers. In the late 1960's the daily newspapers began to create their own weekly newspapers, and started buying some of the existing weekly newspapers. This tendency continued for years, and in 1999, the daily newspapers owned approximately 60% of the weekly newspapers.¹⁰

The 1970's were favorable for the WLN, which meant an increase in the number of papers and in circulation. In the 1980's the competition increased and some shutdowns and mergers of weekly newspapers took place. This continued into the 1990's and hereafter the number of WLN has stagnated.¹¹

Today, approximately 275 WLN are published in Denmark and the circulation is about 6 million. There is not one municipality where a local newspaper is not distributed. The turnover is about 2 billion DKK,¹² which is 24 times larger than in 1968; in addition the commercial consumption is only 14 times larger today than it was in 1968. For many years, WLN have been the third largest media type in Denmark, when focusing on the whole commercial consumption, only overcome by direct mail advertising and daily newspapers.¹³

A continuously increasing competition from the retailer's direct mail advertising has, during the latest years, had an impact on the WLN's turnover. Even though the

⁸ Appendix C (disc) Jan Halling (Head of POLA) - WLN presentation, 7 November 2006, slide 9

⁹ Freely translated from the Danish word "kommissionsaviser"

¹⁰ www.delokaleugeaviser.dk

¹¹ Grønholdt, Lars et al. (2006), p. 79

¹² Søndagsavisen is included in this amount

¹³ Grønholdt, Lars et al. (2006), p. 75

advertising consumption in general has been declining since 2001, the WLN's have succeeded in maintaining a 20% market share.¹⁴

2.1. WLN Characteristics

The definition of a WLN, which is used throughout the thesis, is:

*"A WLN is published at least once a week, is distributed free of charge in a given area, and the content is local and of interest for the citizens in the publication area."*¹⁵

When WLN's are discussed in general they are viewed as an industry and when mentioned individually they are viewed as a brand e.g.; when writing "WLN's", it is considered an industry, whereas when writing e.g. "Frederikssund Avis", it is referred to as a brand.

Previously the consumers bought the WLN's, but now they are distributed to all households and are free of charge. The papers can be divided into the organized and the unorganized papers, about 50 of the WLN's are not included in an organization. 50% of the local newspapers are privately owned, from which a large part is published by printing houses. 50% of the WLN's are today published by daily newspapers (e.g. Politiken), and their part of the total circulation of weekly newspapers adds up to 65%.¹⁶ 223 of the approximately 275 WLN's in Denmark are organized in "De Lokale Ugeaviser" which was created in 2005, and is a joint sales organization for the majority of Danish WLN's.¹⁷

WLN's contain articles about news and events in the local community, debate contributions from the readers as well as from local politicians.

The primary aim for the WLN's is to be the leading communication- and information source in the local communities. During the years, citizens have been able to communicate with each other and be informed about what is going on in their own local area, via the WLN.

Most of the WLN's are published in tabloid format and in both black/white and color (6 columns in 360/365 mm).¹⁸

¹⁴ Grønholdt, Lars et al. (2006), p. 81

¹⁵ Own definition

¹⁶ Grønholdt, Lars et al. (2006), pp. 76-77

¹⁷ Appendix 13 – E-mail correspondence with Niels Rømeling, Vice President – De Lokale Ugeaviser

¹⁸ Grønholdt, Lars et al. (2006), p. 84

2.2. Advertisers

During the years, the WLN's have experienced progress in the number of advertisers, which is, among others, due to that the local retailers can reach their primary target group in the community through advertising in the WLN. Even today, when there is large competition on the media market, the local newspapers keep their important role as the local news provider and "trade centre".

The advertisements in the WLN's are mostly placed by local retailers and the advertisements are typically from tradesmen, restaurants, and other small service companies. Local retail trade, real estate agents, and car dealers are highly represented, but also local politicians and the local government place information in the papers.¹⁹ All the advertisers have a connection to the local community and both small and large (chains) companies advertise in the WLN.

The advertisers can be said to be a WLN's most important customers, since they provide the financial foundation for running the paper. It is the adverts they place and the price they pay for this, which constitute the entire financial income of WLN's. The advertisers only want to place their adverts where they can reach their customers. Consequently it is important to keep the readers loyal, so the advertisers will continue to place their adverts in the WLN's. In 2005 all WLN's²⁰ had an advertising turnover of 2.3 billion DKK.²¹

2.3. Readership

The WLN's in general have high readership – they are read in all demographic segments, therefore they do not have specific target groups but is characterized by a broad readership. However, there are slightly more women reading WLN's than men. In 2004 WLN's had coverage of 84.3% of the female Danish population, compared to 79.5% of the men reading the WLN's.²² In 2006 the readership had decreased to 80.5% for women and 76.4% for men, a total coverage of 78.5%²³

This type of media is overrepresented in the group of people above the age of 30, where the affinity goes from 101-113. The group of people with the least coverage is youngsters between the ages of 12 and 19, which demonstrates coverage of 53%. The coverage increases with age, to 92.4% in the age group 60+.²⁴

¹⁹ Grønholdt, Lars et al.(2006), p. 84

²⁰ Including Søndagsavisen

²¹ Børsen the 20th of December 2006, *Ugeavisen søger nye annoncejagtmarker*

²² <http://www.delokaleugeavisen.dk/sw/frontend/show.asp?parent=71658&layout=2#age> 27 December 2006

²³ Appendix 2 – E-mail correspondence with Lone Søndergaard, Head of Development -Politikens Lokalaviser, 30 April 2007

²⁴ <http://www.delokaleugeavisen.dk/sw/frontend/show.asp?parent=71658&layout=2#age> 27 December 2006

The reading of WLN is overrepresented in the group of people with a personal annual income between 200,000-399,999 DKK with an affinity of 106. The group who earns above 400,000 DKK is represented in agreement with the distribution in the population (with an affinity of 99), whereas the Danes who annually earn below 200,000 DKK is underrepresented (affinity of 95) as readers of WLN.²⁵ Of great interest to the advertisers is the fact that the decision makers, with regards to shopping in the Danish households, are also overrepresented as WLN readers.²⁶

A threat for the high readership of WLN is that direct mail advertising that is also distributed to all households has caused a declining advertising turnover for WLN in the last few years. Furthermore, the Internet is a more and more used media and this competition also has an effect on the local newspapers. During the last years the free newspapers, like Urban and 24 Timer has also made their entry and has in general also increased competition. To some extent, the free newspapers can have an effect on WLN, but as mentioned earlier, the free newspapers do not deal with the local matters, in the same way WLN do and are only represented in the larger cities²⁷. Therefore, the free newspapers are not to a large extent stealing the WLN's advertisers and readers.²⁸

After providing some background information about WLN and the readers, the following chapter will elaborate on consumer behavior in connection with WLN in order to lay a foundation for understanding the readers. This will provide a solid base for the forthcoming development of the model.

²⁵ <http://www.delokaleugeaviser.dk/sw/frontend/show.asp?parent=71658&layout=2#income> 27 December 2006

²⁶ <http://www.delokaleugeaviser.dk/sw/frontend/show.asp?parent=71658&layout=2#buyingwill>

27 December 2006

²⁷ Copenhagen, Odense, Århus etc.

²⁸ Appendix A (disc) Interview with Professor Anker Brink Lund, 5 January 2007

3. CONSUMER BEHAVIOR

It is essential to be aware of reader behavior and which dimensions drive the readers to read the WLN. In the following, consumer behavior including motives, needs, attitudes, values and involvement will be elaborated on.

Within the editorial media, the WLN is the media that is read (or skimmed through) by most consumers and is the one kept for the longest time, before it is thrown out. The WLN's are mostly perceived as covering the proximate world, i.e. the issues that are "close" to the reader, which then creates awareness about the local community. The WLN's diminish the perceived distance between the reader and the advertiser, which gives the reader the impression that the advertisers and their products are within reasonable distance. For most readers, the WLN is used as inspiration, information about the local society, and as an update on offers.²⁹

3.1. Reader Characteristics

What characterizes an adult reader³⁰ of WLN's, is the fact that they read the paper 4.03 times out of 5, meaning they read almost every publication.³¹ A recent study by POLA showed that 40.9% of the readers use 11-30 minutes on each paper.³² This indicates that time is spent and that time is taken to read the local paper. Many read the paper the day it is delivered to their residence, more accurately, 90.3% read the WLN the same day it is delivered.³³ 62.3% read the paper once, but some even read the paper both two and three times.³⁴ In the study conducted by POLA, it is shown that 44.9% would definitely (highest score) recommend reading the paper to others.³⁵ This highly indicates that these readers are very loyal towards their WLN and would like others to read it as well.

In order to describe the reader behavior of WLN's it is necessary to determine, which **needs** a WLN fulfills. Maslow's Hierarchy of Needs is meant to be a source of help to illustrate the human needs, in the order that they occur.³⁶

²⁹ Appendix D (disc) Lokale ugeavisers rolle i danskernes indkøbsbeslutninger, De Danske Ugeaviser 2006

³⁰ Age above 16

³¹ Appendix D (disc) Lokale ugeavisers rolle i danskernes indkøbsbeslutninger, De Danske Ugeaviser 2006, p. 6

³² Appendix J (disc) Reader Survey - Frederikssund Avis versus POLA 2006, slide 10

³³ Appendix J (disc) Reader Survey - Frederikssund Avis versus POLA 2006, slide 11

³⁴ Appendix J (disc) Reader Survey - Frederikssund Avis versus POLA 2006, slide 14

³⁵ Appendix J (disc) Reader Survey - Frederikssund Avis versus POLA 2006, slide 37

³⁶ Solomon, M. et al. (2002), pp. 99-100

It cannot be argued that reading a WLN fulfills a Physiological need, and it can be discussed where the need for “following the local matters” can then be placed in the hierarchy. Nevertheless, for most readers, the WLN fulfills a social need (*Safety*), since it puts the reader in a position, where

Maslow's Hierarchy of Needs

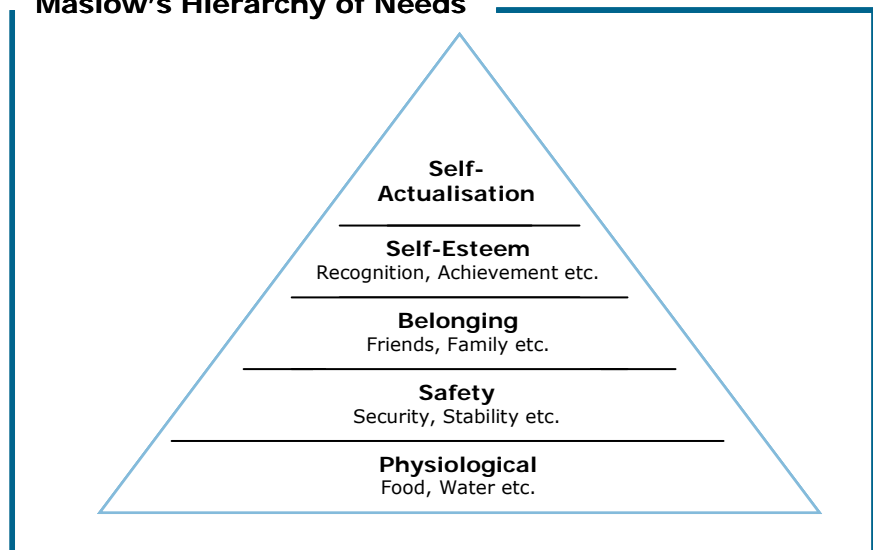


Figure 1 – Source: Solomon et al. (2002)

he/she becomes able to discuss local matters with his/her peers. For some it can be *Belonging*, to be able to obtain the information of the local community, and to follow the talk of the town. However, which needs WLN fulfills are individual from one reader to another and is based on the individual's involvement in the WLN, which is e.g. determined by age, interests, or status.

3.2. Involvement

Involvement can be seen as the motivation for gathering information about a product and when the involvement increases, so does the attention to the product. The level of involvement can be identified by the interaction between the person, the product and the situation. Low involvement is based on habits due to lack of motivation, whereas high involvement is based on the passionate consumer that seeks information.³⁷ The involvement of reading the WLN varies from person to person and from situation to situation. Percy³⁸ indicates that high involvement involves a high risk, which could be a social risk, associated with the product. WLN can be categorized as high involvement products, because the reason most readers read the WLN is because they wish to follow up on the local matters. This means that they might not be that involved in the given WLN, like a consumer would be in a product brand, but the involvement is expressed by the level of involvement to the news the WLN provides. The most common approach to high involvement concerns the monetary risk, it should be noted that by reading the WLN no monetary-risk is taken, which is why the social risk alone accounts for the level of

³⁷ Solomon, M. et al. (2002), pp. 130-131

³⁸ Percy, Larry (2005), pp. 90-91

involvement. Nevertheless, the fact that the readers spend their valuable time on the WLN and the fact that the WLN is the most read editorial media, argues for high involvement. A WLN can be considered a low involvement type of media, because not much action is taken by the reader, the paper is delivered to the door and it is free. Therefore, it can be argued that the decision to read the paper can be low involvement as well. However, the involvement in the media and the information it provides is generally high involvement, since the reader is interested in the local community, in being updated, and spends time reading the WLN.

With WLN's the **decision-making process** is short, since the process only has two dimensions. Either the reader picks up the paper and reads it immediately (saves it for later and then reads it), or the reader picks up the paper and throws it in the trash. What makes the decision-making process short is the distribution circumstances. The fact that the WLN is delivered to all households equals a short decision-making process. It is not necessary to make the decision to go buy the paper, or make a choice between different alternatives, hence the decision-making process is rather uncomplicated.

Readers' attitude towards a paper is an expression of whether the reader thinks if the paper is good or bad, or if the reader is satisfied or not. Understanding the basis for the formation of the readers' attitude is crucial in order to understand the behavior and the sections he/she chooses to read in the paper. Attitude is known as a general evaluation of people, objects, advertisements, or issues. The attitude consists of three components: cognition, affect and behavior components. There are developed three **hierarchies of effect**, which all illustrate how an attitude is formed.³⁹

³⁹ Solomon, M. et al. (2002), pp. 129-130

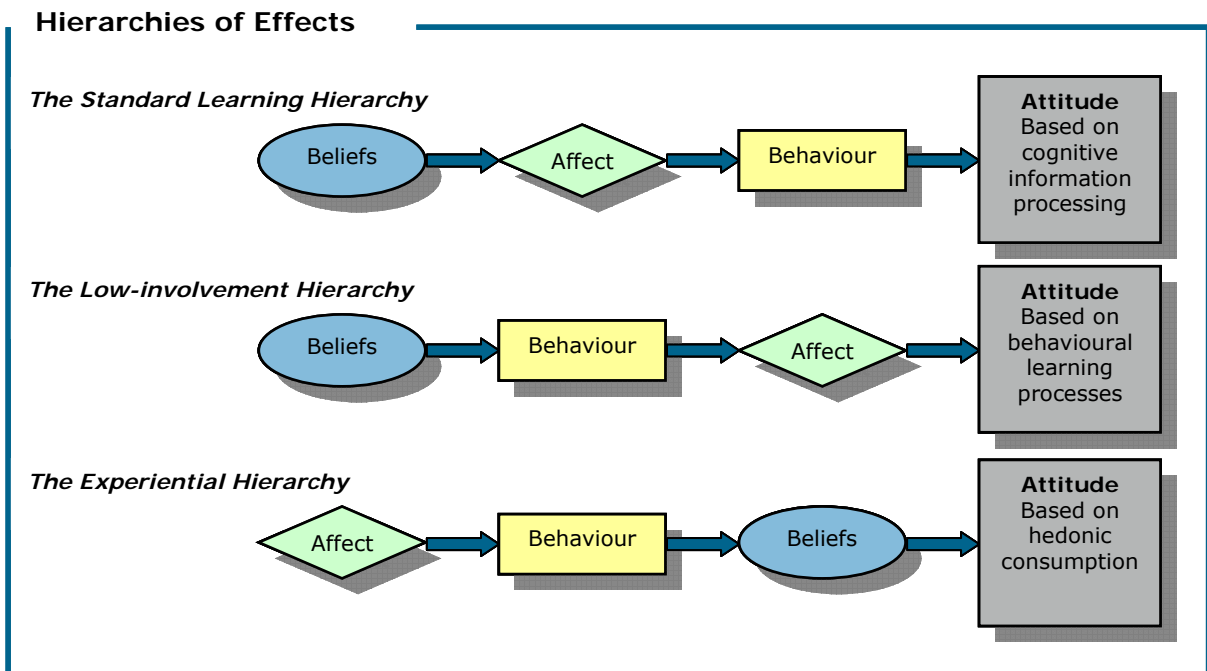


Figure 2 – Source: Solomon et al. (2002)

In the **first hierarchy** the attitude is formed on the basis that the consumer already has knowledge about the product, which indicates a high involvement. The perception serves as foundation for the emotions that the consumer develops towards the product, which results in a behavior (action). The **second hierarchy** also takes its point of departure in beliefs about the product as well, resulting in the purchase and on this basis the emotional attitude is formed. In this case, the consumer does not collect information prior to the purchase, which indicates a low involvement and a low perceived risk. In the **third hierarchy** the attitude is based on the consumer already having an emotional attitude towards the product. The emotions result in behavior, which is the basis for the knowledge the consumer gets about the product. The consumer has experience with the product, but does not collect more information – which is a medium level of customer involvement.⁴⁰

In reference to WLN the reader will often act as in the first hierarchy, because the readers' involvement is high. However, there is not a fixed result, because the reader's attitude will at all times be individual due to influences by situations and people. Furthermore, attitude is a dynamic feeling, which can change over time, with the experiences the readers have with their WLN and as previously mentioned the involvement towards the WLN is not static.

Means-end chain takes its point of departure in the fact that the consumer is not necessarily only interested in the functionality of the product and the attributes, but also in the self-related consequences. The means-end chain is a study of the underlying

⁴⁰ Solomon, M. et al. (2002), pp. 130-132

motivations behind the consumers buying decisions.⁴¹ The consumers buying decisions are normally related to the physiological values in a purchase, which can lead to satisfaction of the inner **values**. Likewise the means-end chain illustrates how the product attributes are only a mean through which the consumer gets his/her value (ends), via the positive consequences and the advantages from the attributes.⁴²

With WLN the tangible product attribute is to receive information on local matters and the functional aspect is to be updated on local news. This can lead to social acceptance and as a consequence the readers' self-respect will be improved by being able to socialize, which is the ultimate objective. The need for social acceptance, which in many cases is reached by social acceptance in the reference group, can have an influence on the habits of WLN readers.⁴³

3.3. Reference Groups

Reference groups play an important role in attitude and behavior formation. A reference group is a person or a group of people that influences the individual's purchase behavior.⁴⁴ Reference group theory is based upon the principle that people take the standards of others as a basis for making self-evaluations, comparisons and choices regarding need and use of information.⁴⁵

The WLN readers are influenced by different reference groups. Reading the paper is done in order to receive usable information and the reference group could e.g. be family or friends situated in the same geographical area as oneself. The readers can be influenced by the normative. A normative influence is when a consumer seeks self-esteem or social acceptance and as a consequence the reader adapts his/her attitude and behavior in order to reach acceptance from the group.⁴⁶ There are two situations where this normative influence occurs for WLN readers. The first situation is one, where the reader reads the paper because they know they can then discuss the content of the paper with the reference group. The second concerns the fact that the reader might not talk about reading the WLN (even though they do), because the reference group the reader belongs to, does not approve of reading the WLN. Both situations are concerned with normative behavior and both situations submit to the reader wishing to receive acceptance from a reference group.

⁴¹ Solomon, M. et al. (2002), p. 115

⁴² Gutman, Jonathan (1982)

⁴³ Gutman, Jonathan (1982)

⁴⁴ Solomon, M. et al. (2002), p. 303

⁴⁵ Hyman, Herbert H. et al. (1968)

⁴⁶ Solomon, M. et al. (2002), pp. 303-304

The perceived **social norm** and the normative social beliefs of the consumer should also be mentioned in connection to reference groups. Normative beliefs and the social norm can be related to WLN, since these theories of planned behavior can be linked to the WLN reader. As the example given above, the beliefs a WLN reader holds can be influenced by the readers' beliefs about the appropriateness (social norm) of reading the paper.⁴⁷

The elements of consumer behavior are essential to keep in mind when analyzing the quantitative results, because the influential factors of reader behavior can influence how the readers answer the questionnaire and how they behave in the future.

The thesis is hereafter moving from illustrating how the WLN reader behaves into the aspect of loyalty. Loyalty is an important part of consumer behavior and the next chapter concerns the subject of loyalty and elaborates on what type of aspects loyalty holds.

⁴⁷ Sestoft, Christine et al. (2003)

4. LOYALTY

Many researchers have stated that increased customer satisfaction will lead to customer loyalty, which will then trigger increased earnings.⁴⁸ Customer loyalty can both be seen as an objective and as a remedy in connection to revenues. The establishment of relations is a remedy to achieve the objective of loyalty, while loyalty is the remedy for the objective of increasing earnings.⁴⁹

In order to fully understand the importance of loyalty, the section below will discuss different theoretical perspectives and determine the thesis' outlook on loyalty (reader loyalty). This will serve as the foundation for creating a model to measure reader loyalty, in order to optimize WLN's capability of retaining and achieving loyal readers.

4.1. Definition

Consumer loyalty is not a new phenomenon. Throughout the years, many definitions on the concept of loyalty have been presented. Most companies determine loyalty by repurchase and a customer that stays, and who also perhaps recommends the product to other consumers. These loyalty measures are mostly related to brand loyalty. There is an indefinable number of definitions of brand loyalty, which is evident from noticing that, Jacoby and Chestnut in 1978 found more than 50 definitions.⁵⁰ Today, almost 30 years later, many more definitions have been suggested. Loyalty is a complex term and there is no universal definition, it is up to the company itself to determine what loyal customers are to them. No one actually agrees on what loyalty is.⁵¹ However, Oliver had the following definition on customer loyalty:

*"Customer loyalty is a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior"*⁵².

In relation to WLN's, the mentioned (reader) loyalty indicates that the reader week after week chooses to pick up the paper and read it. The increasing competition in the media market and e.g. the possibilities that the Internet provides for establishing communities and gathering local information makes it essential for WLN's that the readers still, week after week, reads the paper. This will make the WLN's more resistant to the increasing competition.

⁴⁸ Reichheld, F. (1996), Svanholmer, B. (1996) & Oliver, R.L. (1997)

⁴⁹ Svanholmer, B. (1996), p. 256

⁵⁰ Jacoby and Chestnut (1978), p. 33

⁵¹ Oliver, Richard L. (1997), p. 392

⁵² Martensen, Anne et al. (1998) Working Paper, pp. 121-122

4.2. Loyalty Influencers

Loyalty should be seen in the light of the competitive environment the business is situated in.⁵³ WLN's are in a situation where their readers have no other alternative yet (at least not directly), if they want to be up-dated on the local news and activities, which could be perceived as an issue of forced loyalty within the media.⁵⁴ On a brand level there are, in some cities, more than one WLN and thereby direct competitors. Nevertheless, within the industry, no other type of media can totally substitute WLN's.

In the WLN industry the **competition intensity** is fairly low, which could lead to high loyalty and low satisfaction. The question is, however, if the reader would take the time to read the paper if he/she was not satisfied with the information the WLN provides? The answer is probably "no", since time has become a scarce resource in many peoples' lives. A large part of the Danish population has a large monthly disposable amount, which is often obtained at the expense of time, because people live busy lives with a substantial focus on job and career. Furthermore, they strive for the perfect, a clean and presentable house with a well-kept garden, well-behaved children that participate in many activities, as well as to cultivate their own friendships and personal development. In a society where it is the norm that both parents in a family are employed in the labor market, it can be quite a challenge to find the time to achieve the described lifestyle, and time is therefore a scarce resource. "Quality time" is a term that is very often used and cover that; when you spend time on something, you want it to be on something important, and you want the time to be spend efficiently. Thereby, most people prioritize things of a certain quality, something that provides them with a value and things that are important to them. Thus it is realistic to assume, that the readers' time is so "precious" to them, that they would not spend time reading the WLN if they were not satisfied with it and felt that it did not provide them with a certain value.

Nobody forces the individual to read the WLN, but if the readers want to know what is going on locally, the WLN is still the only media that can fulfill that need comprehensively. However, most of the information can be found on the Internet but not gathered in one place. If the consumers were to gather the information themselves it would be very time consuming and there has not yet been developed web-communities that can fully replace the WLN. However, web-communities concerning local matters are seen as a threat and competitor to WLN's in the future.⁵⁵

⁵³ Svanholmer, B. (1996)

⁵⁴ Martensen, Anne et al. (1998) Working Paper, p. 129

⁵⁵ Appendix 14 – Interview with Lone Søndergaard, Head of Development at POLA and Jacob Kaspersen, Head of Frederikssund Avis, 10 January 2007

4.3. Levels of loyalty

Loyalty can be divided into two parts; one is called **behavioral** and the other one **emotional**.⁵⁶ Taking the two components of brand loyalty into consideration, it shows that it is necessary not only to determine the purchase rate (behavioral), but also to take the customer's satisfaction with the product, due to experiences herewith (emotional), into consideration, since loyalty is derived from satisfaction.⁵⁷ Therefore it is important for companies to understand the customers' loyalty and their satisfaction as well as the link between the two. The connection between satisfaction and loyalty is dealt with in more detail in section 7.6.

There are different levels of loyalty, since not everybody is equally loyal. The Ladder of Loyalty shows the different steps companies should move their customers/readers through, in order for them to become "ambassadors" and thereby reach the outmost level of loyalty.⁵⁸

The topic of ambassadors is also important in the case of WLN loyalty, because an ambassador is defined as being 100% loyal and willing to recommend the product to others. People that choose to read the paper and to act as ambassadors are important for WLN's, and can also have an effect on the social norm.⁵⁹

Referrals from customers, endorsements and word-of-mouth are extremely important forms of consumer behavior for a company. In many categories, word-of-mouth is one of the most important factors in acquiring new customers.⁶⁰

Positive word-of-mouth can make the process of acquiring new customers cheaper and easier, since not as much "persuasion" is needed to convince the customer to try/buy the product or service. Referrals from customers are among the most relevant, effective and believable sources of information for other customers.⁶¹ Believability is an important issue, with which advertisers often struggle. Word-of-mouth enjoys a high level of believability, due to the similarity of the communicator and the recipient, and to the lack of financial motive on the part of the communicator. However,



Figure 3 – Source: Svanholmer (1996)

⁵⁶ Rayner, Sue (1996)

⁵⁷ Heskett, James L. et al. (1994), pp. 164-165

⁵⁸ Svanholmer, Bent (1996), pp. 269-270

⁵⁹ Hovedopgave: Teoretisk diskussion af skabelse og fastholdelse af loyale kunder 2001, p. 37

⁶⁰ Heskett, James L. et al. (1994)

⁶¹ Christopher, Martin et al. (2002), p. 49

believability also depends upon the relation between the communicator and the recipient.⁶²

It is important to notice, that when referring to word-of-mouth it is positive word-of-mouth. Negative word-of-mouth can also occur, and can be fatal for a company. Twice as many dissatisfied customers actually tell others about their negative experiences, compared to the amount of satisfied customers telling others about their positive experiences.⁶³

Not all customers are equally profitable, and it can be costly to move a customer up to the ambassador level. This means that it is not preferable to pursue to move all customers to the ambassador level, even though the ambassadors are an important customer-group.⁶⁴ In relation to WLN, all readers are profitable but there should mainly be focused on the readers who are (or could become) most important for the advertisers, e.g. well-funded families with children. Thereby focus should be on creating loyal readers within the areas of interest for the most important advertisers.

Concerning WLN in a business-to-consumer setting, ambassador is the optimal level of loyalty one can achieve. At the ambassador level the customer is satisfied, a very loyal reader of the paper, and recommends it to others.⁶⁵

Keller also addresses loyalty in the **Customer Based Brand Equity (CBBE) model**, which exists of intense active loyalty relationship building and consists of six building blocks.⁶⁶ Depending on where a reader is situated in the pyramid, loyalty is influenced by different factors. A reader goes through the different steps in order to become loyal and create a customer-brand-relationship.

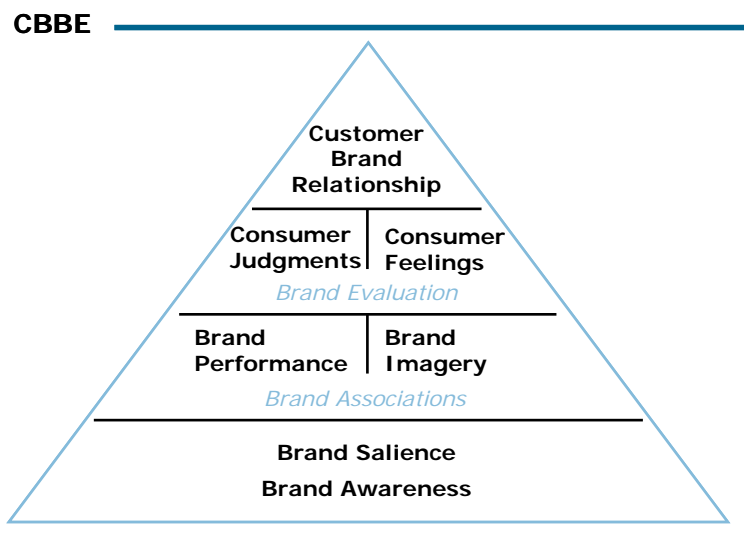


Figure 4 – Source: Keller (2003)

⁶² Oliver, Richard L. (1997), p. 80

⁶³ Martensen, Anne et al. (1998) Working Paper, p. 111

⁶⁴ Christopher, Martin et al. (2002), p. 49

⁶⁵ Svanholmer, B. (1996), p. 269

⁶⁶ Keller, Kevin L. (2003), p. 99

Behavioral loyalty (keep reading the paper) equals a strong personal attachment. The customer has a positive attitude towards the brand (paper) and views it as something special. The customer can, furthermore, have a sense of community, where he/she feels a part of something and shares a common interest, which is a very important feature when addressing WLN. The loyal customers can also be willing to invest time in the paper e.g. by visiting the paper's webpage to seek more information. At this level the customer has reached the pinnacle of the CBBE model, and has a brand-relationship.

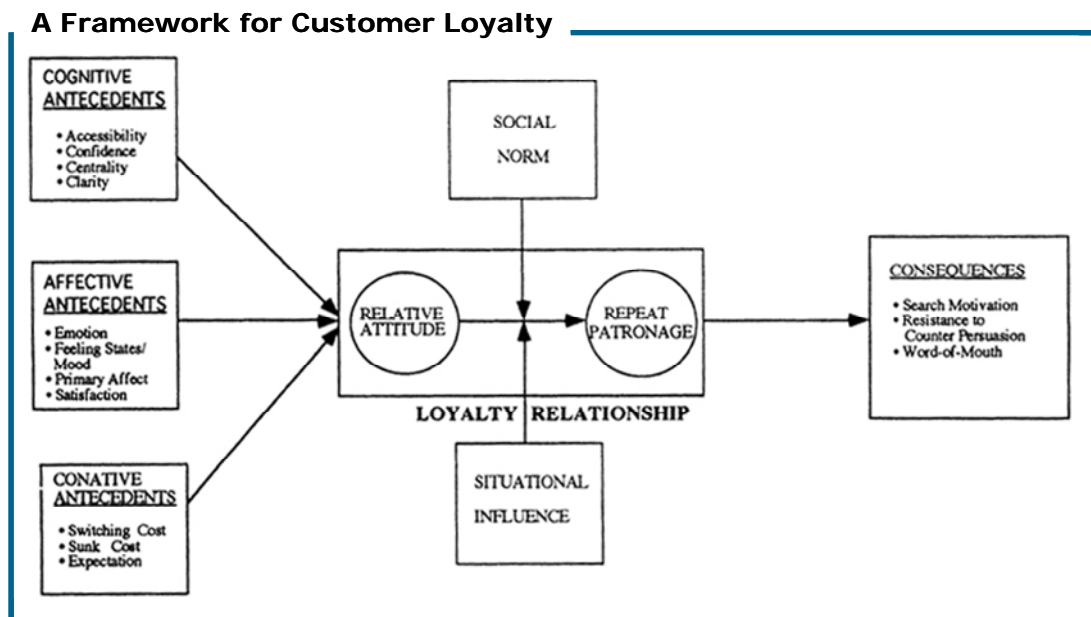


Figure 5— Source: Dick & Basu (1994)

Dick & Basu have developed a model, which illustrates the **connection between customer behavior and customer attitude** (emotional); the two building blocks of loyalty. Customer behavior is controlled by the underlying attitude towards the product and its competitors. The loyal customer has, as opposed to the disloyal, an emotional preference for the product or company. This preference is based upon the additional value the customer receives through the product and through the relations to the company.⁶⁷ The key to Dick & Basu's framework for customer loyalty (figure 5⁶⁸) is *"the conceptualization of loyalty as the relationship between the relative attitude toward an entity (brand/service/store/vendor) and patronage behavior."*⁶⁹

The loyalty relationship is created by *relative attitude* and *repeat patronage* (behavior). Relative attitude is created from three factors: cognitive, affective and conative antecedents. Repeat patronage might also be influenced by some subjective norms

⁶⁷ Svanholmer, Bent (1996), p. 56

⁶⁸ Dick, Alan S. et al. (1994), p. 100

⁶⁹ Quote: Dick, Alan S. et al. (1994), p. 100

(social norms) and situational factors e.g. competitors' activities, being out of stock etc. (figure 5).⁷⁰

The relationship between repeat patronage and relative attitude determines the level of loyalty (figure 6).⁷¹ The authors have identified four types of relationships between relative attitude and relative behavior; *spurious loyalty*, *no loyalty*, *latent loyalty*, and *loyalty*. Loyalty is obtained when relative attitude and relative patronage is high and should be the aim for any company.⁷²

Loyalty Matrix

		Repeat Patronage	
		High	Low
Relative Attitude	High	Loyalty	Latent Loyalty
	Low	Spurious Loyalty	No Loyalty

Figure 6 – Source: Dick & Basu (1994)

When dealing with WLN, it is obvious that in general repeat patronage is high, which is seen from the high readership. The readers' relative attitude is a different matter. It is more difficult to measure attitude than behavior, and attitude should be measured on the individual WLN, so the readers are asked about the performance of their own specific WLN. Further ahead in this thesis a model to measure loyalty is developed. Within this a case study is conducted, where the readers of Frederikssund Avis are asked about their evaluation of the paper to determine their attitudes. In this case, relative attitude cannot be determined, since no competitor has been measured on the same scale. A high relative attitude contributes significantly to long-term maintenance of loyalty.⁷³

Dick & Basu describe the consequences of loyalty as being *search motivation*, *resistance to counter persuasion* and *word-of-mouth*.⁷⁴ A high level of loyalty lowers the readers' motivation to search for information elsewhere, and make them more resistant towards approaches from competitors or alternatives. Furthermore, Dick & Basu argue that loyalty generates positive word-of-mouth, which supports the Ladder of Loyalty, where people on the ambassador-step are customers recommending the product or service to others.

⁷⁰ Dick, Alan S. et al. (1994)

⁷¹ Dick, Alan S. et al. (1994), p. 101

⁷² Ibid.

⁷³ Dick, Alan S. et al. (1994), p. 102

⁷⁴ Ibid.

With WLN's it might be questioned whether reading the paper is an act of satisfaction or loyalty. Brink Lund doubts the concept of loyalty in connection to WLN's, due to the fact that the paper is delivered weekly to the reader's doorstep. He believes that the reader needs to do something active in order to be loyal.⁷⁵ However, in this thesis reader loyalty is determined to be the action or choice the reader is making, when actually choosing to read the paper, instead of just throwing it out without investing any time in it. It is thereby argued, that the readers of WLN's actually do take action, and the use of the term loyalty can hereby be justified.

4.4. Loyalty and Cost-effectiveness

Loyal customers require less customer care and nursing, they are less price-sensitive (higher price elasticity), they need fewer advertising and promotional inducements to cause a buy/consumption, they generate positive word-of-mouth by referring their family and friends to the brand etc. Therefore, establishing loyal customers is often a profitable business. Kopacek, the President of Survey Value Inc., recognizes the importance of loyal customers and claims that;

*"Establishing loyal customers is establishing repeat customers, who may often generate superior profit margins."*⁷⁶

Svanholmer, among many others, supports the link between satisfaction, loyalty and profitability and declares that it is important to secure a high level of customer satisfaction. This is because satisfaction is a substantial prerequisite for loyalty, which in turn is the key to profitability.⁷⁷

With relation to WLN's it is needed to take an alternative perspective on cost-effectiveness of loyalty: The more loyal readers a WLN have, the more attractive it is for advertisers to advertise in, and thereby loyal readers create cost-effectiveness by attracting more advertising money to the WLN.

As evident from the chapter above there are many aspects of customer loyalty. Loyalty is also the centre of rotation in the basic ECSI model, which purpose is to identify different drivers' influence on satisfaction, which leads to loyalty. The basic ECSI model will be elaborated on in the following chapter.

⁷⁵Appendix A (disc) Interview with Professor Anker Brink Lund – Copenhagen Business School, 5 January 2007

⁷⁶Quote: Kopacek, Gary (2003)

⁷⁷Svanholmer, Bent (1996), p. 75

5. ECSI

The purpose of applying an ECSI model is to provide an overview of, which parameters are of significance for reader satisfaction and loyalty in the WLN industry. Furthermore, it is used to prioritize the drivers, which WLN should focus on in the future to achieve and retain loyal readers. The model can thereby be a solid foundation for research at the brand level, and future strategies for the individual WLN brands. A profound knowledge about each driver's impact on reader satisfaction and loyalty can help the individual WLN to optimize the allocation of resources.⁷⁸

5.1. ECSI Background

In 1998, the idea of introducing a European Customer Satisfaction Index (ECSI) was put forward. The ECSI should be based on some of the ideas that had already been established in Sweden (SCSB), in the US (ACSI), and in Norway (NCSB).

The SCSB model was the first national cross-company and cross-industry measurement instrument of customer satisfaction, and it was introduced in 1989.⁷⁹ Already in the beginning of the 1990's the SCSB measured customer satisfaction in more than 30 industries and for more than 100 corporations.⁸⁰

Subsequently, the ACSI was developed, which represented an American customer-based measurement system. The ACSI measures quality of goods and services as experienced by the customers, as an important supplement to quantity-measurements.⁸¹

In 1996, the Norwegian Customer Satisfaction Barometer (NCSB) was introduced. In 1999, the survey reported results for 42 companies in 12 different industries. NCSB was at first identical with the American model, but was later expanded to also include corporate image. Following the development within marketing, from a transactional approach to a more relationship-based approach, NCSB included *commitment constructs* as mediating the effects of satisfaction on loyalty.⁸²

Europe followed the Swedish, American and Norwegian successful experiences with customer satisfaction measurements, and developed the ECSI model. The data collection, data processing, and analysis are based on research carried out by a Pan-European team (ECSI Technical Committee) in 1998, and during 1999 a pilot study was conducted in 11 European countries, among them also in Denmark.⁸³

⁷⁸ Martensen, Anne et al. (2000), p. 544

⁷⁹ Kristensen, Kai et al. (2000) Total Quality Management

⁸⁰ Fornell, Claes (1992), pp. 6-21

⁸¹ Fornell, Claes et al. (1996), p. 7

⁸² Johnson, Michael D. et al. (2001)

⁸³ Martensen, Anne et al. (2000), pp. 544-545

The Danish Customer Satisfaction Index⁸⁴ was developed on the foundation of data collected from interviews with almost 9,000 customers of approximately 30 companies, within eight different industries. The data was collected during the spring of 1999, and the customers were interviewed regarding their perceptions of quality and satisfaction with products and services within the industries in question. The conclusion by the people conducting the Danish survey was that the ECSI model fitted well and seemed to be sufficiently flexible to apply to different industries.⁸⁵

5.2. Content of the Basic ECSI Model

The basic ECSI model is a structural equation model with unobservable latent variables.

The model consists of five variables, which influence the *perceived customer satisfaction and loyalty*; *perceived company image*, *customer expectations*, *perceived quality* (which is divided into *human ware* and *hard ware*), and *perceived value*.⁸⁶

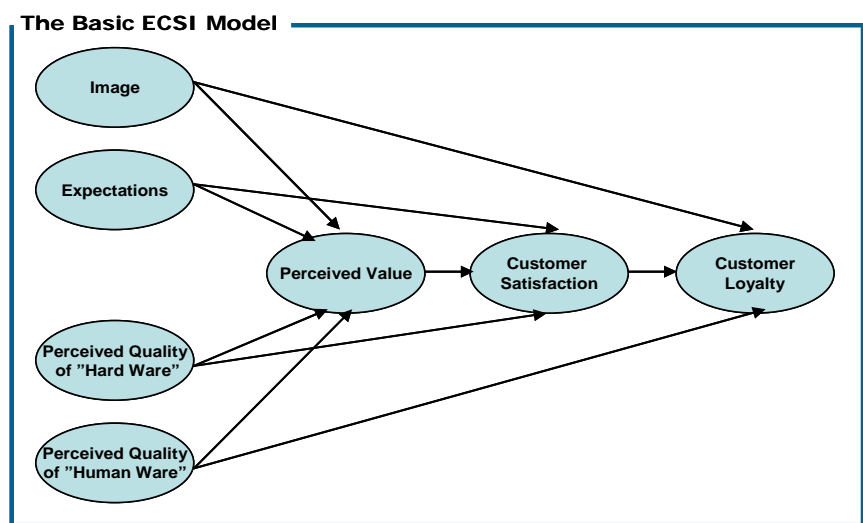


Figure 7 – Source: Martensen et al. (2000)

The ECSI illustrates the

level of loyalty for a given brand, industry or a nation operationalized by a number between 1 and 100.⁸⁷ The model is built up so one can modify the variables; it can be tailored to the specific brand/industry/nation and can illustrate the measures of loyalty.

Applying this model makes it possible to establish the levels of satisfaction, to understand the readers' perceptions and the reasons behind these, and to calculate the impact in terms of future loyalty. There are seven latent variables in the basic ECSI model, which are operationalized by a set of measurement variables, observed by questions to the readers. The entire system is then estimated using a Partial Least Squares (PLS) method, which can estimate case values of the latent variables using weight relations.⁸⁸ It is possible to estimate the impact that an increase in one factor has

⁸⁴ Dansk Kundeindeks

⁸⁵ Grønholdt, Lars et al. (2000), p. 512

⁸⁶ Martensen, Anne et al. (2000), p. 545

⁸⁷ Appendix Q (disc) Lecture notes from Relationship Marketing, Lars Grønholdt, lecture 5 2006

⁸⁸ Bagozzi, Richard P. (1994), p. 53

on another and in turn, how it will influence loyalty. This way it is possible to develop an effective strategy for maintaining and gaining loyal readers, by getting access to knowledge about how each of the most important drivers of WLN influence loyalty.

In the following, each variable of the basic ECSI model will be explained, discussed and evaluated on to determine if it fits the purpose of WLN. In chapter 7, additional WLN relevant variables will be included, explained, discussed and evaluated. Finally, a WLN Model of Reader Loyalty is developed, which should work as a generic model for all Danish WLN.

5.2.1. Basic ECSI Variables

Below, an assessment of the four original ECSI manifest variables will take place in order to determine if they are suitable for measuring reader loyalty for WLN. Afterwards the variables *perceived value*, *satisfaction*, and *loyalty* will be elaborated on. It will be clarified what is included in each variable of the ECSI and what relation it has to the other determinants. Hereafter, it will be determined if the variable is suitable for the conceptual model.

5.2.1.1. Image

In the following, it will be clarified what is included in the *image* variable in the ECSI model and what relation it has to the other variables. Hereafter, it will be determined if *image* is suitable for the conceptual model of reader loyalty for WLN.

The variable *image* covers factors, which can be related to companies' or brands' external reflection and is associated with the customers' perception of the company.

5.2.1.1.1. Definition

Image refers to the reader's perception of the company or brand and is the overall impression hereof. Image is influenced by the experiences the customers have through interaction with the company and its employees.⁸⁹

The above covers the image that is created from a preceding interaction with the company, which means that the company in some way can control the image by providing great service, good products etc. However, image can also be created before the customer has even had any interaction or contact with the company or brand. This type of image is i.a. created from word-of-mouth, which the company or brand cannot control. Therefore, the physical interaction and experience with the company or brand, is only a part of what creates an image.⁹⁰ It is important to notice that the company or

⁸⁹ Andreassen, Tor W. (2000), p. 244

⁹⁰ Kandampully, Jan et al. (2000), p. 347

brand can influence the image heavily, but they cannot control it 100%. Nevertheless, a customer's experience with a company or brand is often the most important factor that influences the customer's mind in regards to image.⁹¹

5.2.1.1.2. Empirical Research

In connection to a brand, the image, in many cases, has an impact on the buying decision and image can be a part of the evaluation of quality, value and satisfaction. Image can have an impact on, which brand a customer will choose if they have a choice. Image is an important variable and it has a capability to influence the customers' perception of a brand or an industry. Image is also considered to influence customers' minds with combined effects of advertising, word-of-mouth, PR, and their actual experience with the product or industry.⁹²

The ECSI presumes that *image* has a positive impact on the variable *perceived value* and *loyalty*. In the Danish research of eight different industries, image had a significant impact on satisfaction and loyalty in all eight incidents. However, the industries represented in the Danish study were somewhat different from WLN. They included the fast food industry, telecommunications, soft drinks, super markets, and banks.⁹³ The mentioned examples are only a few that prove the positive relationships between image, satisfaction, and loyalty. It can therefore be argued that you cannot make a direct comparison between the above findings of the Danish research and WLN. Yet, when the results are so similar across eight different industries, it can be assumed that they can be widely applied.

Image is linked to the experiences the customer gets with the given company, and *image* is also known to have an influence on the buying decision.⁹⁴ Therefore it is assumed that the media's image and the image of the individual WLN can have an influence on the reader behavior, since the reputation of the paper can be a decisive factor of loyalty. It is assumed that *image* plays a role in connection to loyalty towards a WLN and therefore *image* will be included in the conceptual model.

The *image* can be decided by word-of-mouth and how the readers perceive the overall image of the WLN. Likewise the *image* can be determined by positive feelings towards the WLN and what the paper is known for e.g. providing usable local information, being trustworthy, and the WLN being active in the local community. The WLN being active in

⁹¹ Kandampully, Jan et al. (2000), p. 347

⁹² Ibid.

⁹³ Martensen, A. et al. (2000), pp. 52-65

⁹⁴ Nguyen and Leblanc (2001)

the local community is an aspect, which indicates the subjective norm, like reviewed in section 3.3.⁹⁵ The subjective norm can e.g. be if a reader has an opinion about the WLN on the basis of how the WLN behaves in the community. It is hereby assumed that the behavior of the WLN, if the WLN e.g. is active in sponsoring local sports activities etc., will have a positive impact on the readers' perception of the overall *image* of the paper.

In research, *image* is linked to the perceived value, since *image* is often a result of the perceived value through the readers' own experiences, through recommendations from e.g. other WLN readers, and through other external stimuli.⁹⁶ It has also been proven through many studies that satisfaction and loyalty has a strong connection to *image* but from study to study the *image's* impact on satisfaction and loyalty varies.⁹⁷

The variable *image* is perceived as being important as a driver of loyalty and it is also assumed as having an impact on satisfaction with WLN. Within the literature about *image*, it has been identified as being an important factor when it comes to evaluation of the brand.

In view of the above definition and the review of the research done by i.a. Martensen et al. (2000), Kandampully (2000), and Grönroos (1984), the following hypotheses are set up for the variable *image*:

H₁: There is a positive relationship between image and perceived value.

H₂: There is a positive relationship between image and satisfaction.

H₃: There is a positive relationship between image and loyalty.

5.2.1.1.3. Operationalization

Image can hereby be measured by the following ten research questions in table 1. These combined will express the influence that *image* has on *perceived value*, *satisfaction*, and *loyalty*.

⁹⁵ Sestoft, Christine et al. (2003)

⁹⁶ Grönroos, Christian (1984)

⁹⁷ Martensen, A. et al. (2000)

No	Hypothesis	Latent Variable	No	Research Question	
H ₁	Image → Perceived Value	Image	Q ₂₂	The WLN is trustworthy and reliable	
			Q ₂₃	The WLN's image influences whether I read it or not	
			Q ₂₄	The WLN is the leading source of information within local news	
H ₂	Image → Satisfaction		Q ₂₅	If I hear others speak of the WLN, it is for something positive	
			Q ₂₆	The WLN positively distinguishes itself from other sources of information about the local area	
			Q ₂₇	The WLN has an overall good image	
			Q ₂₈	It is attractive for me to read the WLN	
H ₃	Image → Loyalty		Q ₂₉	My circle of acquaintances think it is a good idea to read the WLN	
			Q ₃₀	The WLN makes me capable of participating in conversations about occurrences in the local community	
			Q ₃₁	The WLN actively supports the local community	

Table 1

5.2.1.2. Expectations

In the following, it will be clarified what is included in the *expectations* variable in the ECSI model and what relation it has to the other variables. Hereafter, it will be determined if *expectations* is suitable for the conceptual model of reader loyalty for WLN.

5.2.1.2.1. Definition

Expectations refer to the level of quality of products or services, which the customer *expects* to receive. Spreng et al. define *expectations* as;

"Beliefs about a product's attributes or performance at some time in the future."⁹⁸

5.2.1.2.2. Empirical research

In the Disconfirmation of Expectations Paradigm, *expectations* have a direct positive effect on perceived quality and satisfaction. The problem with *expectations* is that if the customer does not have specific expectations, a disconfirmation cannot occur and then it cannot have an influence on customer satisfaction or loyalty.⁹⁹ However, this outlook is not very dynamic, because a customer can change *expectations* over time. The

⁹⁸ Spreng et al. (1996), p. 16

⁹⁹ Martensen, A. (1997), p. 24

expectations are proven to have a positive effect on customer satisfaction, while it is included in the assessment¹⁰⁰ and these are the ones, which are measured in the ECSI.

Martensen et al.¹⁰¹ have revealed that *expectations* have a minimal effect on customer satisfaction, which indicates that the ECSI might be displayed differently in the future.

On that note, it is chosen to exclude *expectations* as a self-contained variable from the conceptual model. This is done because expectations are proven not to have a direct impact on customer satisfaction and loyalty. However, the element of *expectations* will implicitly occur as a superior "invisible" category. The developed model is based on ECSI fundamentals, however, it is chosen to make the model more specific and the additional variables very specific. It is known and taken into consideration that *expectations* is implicitly a part of satisfaction, since satisfaction occurs when one receive at least what one expected, yet, *expectations* are not chosen to apply as a superior determinant due to the above mentioned complications.

5.2.1.3. Perceived Quality of Hard Ware

The variable *perceived quality* is divided into two parts as a consequence of preceding experiences, thereby *hard ware* and *human ware* should be measured as individual variables. The term *hard ware* refers to the quality of the product/service attributes, whereas *human ware* represents the relations and personal interactions customers have with the personnel.¹⁰² Below, an individual evaluation of the variable *hard ware* is carried out and it is determined whether or not the variable will be included in the conceptual model.

5.2.1.3.1. Definition

Hard ware is the physical product (or service offering), in this specific case the newspaper (WLN). Quality can be a subjective matter, where the consumer's previous expectations about the product and experiences with the product determine if the product's quality is evaluated as being either good or bad. According to Zeithaml, quality can be defined as:

*"The consumer's judgment about a product's overall excellence or superiority"*¹⁰³

This definition is very general and to make it more specific, it can be said that the consumer judgment is based on the consumption experience, which Fornell et al. argues

¹⁰⁰ Oliver, R.L. (1980), pp. 495-507

¹⁰¹ Martensen, A. et al. (2000), pp. 52-65

¹⁰² Kristensen, Kai et al. (2000) European Quality Congress, p. 56

¹⁰³ Quote: Zeithaml, Valarie A. (1988), p. 3

has two primary components; customization and reliability.¹⁰⁴ However, it should be kept in mind, that Fornell's notion of the consumption experience is based on the ACSI model, with perceived quality as being one variable, and not divided into *hard ware* and *human ware*, as is the case with the ECSI. Customization refers to how well the product fits the individual consumers' needs and wishes. Reliability is "the degree to which the firm's offering is reliable, standardized, and free from deficiencies"¹⁰⁵.

5.2.1.3.2. Empirical Research

In research involving Post Danmark, Martensen et al.¹⁰⁶ found that *hard ware* had a larger effect on customer satisfaction than perceived quality of human ware and image. How large an effect *hard ware* has on customer satisfaction depends on how much influence the given product has on the customers' budget. *Perceived quality* will have a stronger relation to *satisfaction*, the more expensive the product is, compared to the customers disposable amount.¹⁰⁷

WLN's are free of charge, and it therefore seems to be an obvious assumption that the relation between the variable *perceived quality of hard ware* and *satisfaction* is relatively diminutive.

Customization, as Fornell et al. refer to as being a part of perceived quality, is not relevant when speaking of WLN's.¹⁰⁸ The product is of course "customized" to fit the citizens in the local area where the paper is published, but individual customization is not possible, in the form the product is today. Nevertheless, as will be revealed later on, each specific variable will be evaluated on, how well it fits the needs of the reader, and it will thereby be possible to see how well the paper fits the overall needs of the local community. Reliability as Fornell et al. explain it, can also be transferred to the specific variables, and will be elaborated on later in the thesis.¹⁰⁹

Perceived quality of *hard ware* is connected to a physical product and its attributes. A WLN contains many different attributes e.g. sports results, articles about local news, and adverts for local sales and offers. These attributes are assumed to be the main reason why the readers actually read their WLN. *Hard ware* thereby contains many different aspects, and to measure it as one variable is evaluated as being too generic for the industry to get some valuable and valid results, let alone for a specific WLN to gain insight into their readers' loyalty. Therefore, when *hard ware* is included in the

¹⁰⁴ Fornell, Claes et al. (1996), p. 9

¹⁰⁵ Quote: Fornell, Claes et al. (1996), p. 9

¹⁰⁶ Martensen, Anne et al. (2000), pp. 52-65

¹⁰⁷ Ibid.

¹⁰⁸ Fornell, Claes et al. (1996), p. 9

¹⁰⁹ Ibid.

conceptual model, it will be done through the specific attributes, presented in individual variables such as local news etc. Thereby, there will not be a variable called *hard ware* in the final model, however, most of the “additional” variables could indirectly be placed in the superior category of *hard ware*. It will be evident that the additional variables of the model are as before mentioned (in section 5.2.1.2.) very specific and are all attributes of the WLN therefore *hard ware* will only serve as an “invisible” superior category. This implies that *hard ware* is divided into more specific variables illustrated by features of the WLN, when placed in the conceptual model.

5.2.1.4. Perceived Quality of Human Ware

In this section it will initially be clarified what is included in the perceived quality of human ware (*human ware*) variable in the ECSI model and what relation it has to the other variables. Henceforth, it will be determined if *human ware* is suitable for the conceptual model.

5.2.1.4.1. Definition

Human ware represents the human interaction between the customer and the company. A high level of service quality or a good relationship with the customers can create loyalty.¹¹⁰

5.2.1.4.2. Empirical Research

In many studies it is implied that *human ware* has an influence on satisfaction and loyalty. Service can be a factor that has an influence on the company performance and the intention of repurchase can be positively influenced by the service.¹¹¹ *Human ware* is connected to the service the employees of a company provide and it does not seem to be an essential variable to include in the conceptual model, since there is very little interaction between the paper and the customer. The relationship between the two parts is not based on human interaction.

The readers’ perceived quality of *human ware* is not included as a driver of loyalty in the conceptual model, since the readers are not actually in contact with the personnel or the people representing their WLN. However, some readers might have met with a journalist from the WLNs or otherwise interacted with the personnel, but it is not an everyday situation. In a WLN the reader has the opportunity to interact by posting editorial letters in the paper, but then the interaction is with other readers and not the editorial WLN staff.

¹¹⁰ McAlexander, J.H. et al. (1994)

¹¹¹ Ibid.

Nonetheless, the customers experience a service in the distribution of the WLN, which is delivered right to their doorsteps. Furthermore, it is assumed that the readers see it as a "service" that the newspaper is free of charge. Nevertheless, there is no interaction with the staff of the WLN and it is therefore chosen not to include the latent variable called perceived quality of *human ware*. Instead it is replaced with a subcategory called *free and household distributed*, which include the service aspects of WLN. This is done in order to optimize and operationalize *human ware* so it suits the WLN industry. The variable will be dealt with in section 7.4.

5.2.1.5. Perceived Value

In relation to the manifest variables, it is also important to review the dependent variable *perceived value*. It will be determined whether the variable *perceived value* is included in the conceptual model or should be left out.

Customer expectations and customer perceived quality leads to the customer *perceived value*.¹¹²

5.2.1.5.1. Definition

Perceived value relates to the value the customer experiences through the interaction with the company and its product. The consumer will compare the actual experience with the product e.g. if the perceived quality is lower than expected the consumer will be dissatisfied, and vice versa.¹¹³

Value represents the tradeoff of the main give- and get-components. Zeithaml defines perceived value as the following:

"Perceived value is the customer's overall assessment of the utility of a product based on perceptions of what is received and what is given".¹¹⁴

Value is very individual and the sacrifice components of *perceived value* can be divided into monetary and non-monetary (e.g. time and effort).¹¹⁵ When the topic is WLN, monetary sacrifice is not an issue. Since the WLN is free of charge and delivered to the door, it is mostly time that serves as the non-monetary sacrifice. It can be argued that the individual person's preferences determine the level of perceived value. What the reader expects to receive from the WLN, compared to the time and effort the reader puts into reading the paper, is the *perceived value*.

¹¹² Martensen, Anne et al. (1998) Working Paper, pp. 30-31

¹¹³ Martensen, Anne et al. (1998) Working Paper, p. 31

¹¹⁴ Zeithaml, Valerie A. (1988), p. 13

¹¹⁵ Rust, Ronald et al. (2004), page 268

Consumers today are more willing to spend money than they are willing to spend time. A busy everyday life and a good economy make time a more scarce resource than money.¹¹⁶ It is thereby anticipated that the attributes of the WLN contributes value to the reader, since the reader is willing to spend valuable time on getting updated on community matters.

5.2.1.5.2. Empirical Research

Disconfirmation of Expectations is the most common theory within customer satisfaction and it concerns the customers' expectations and the perceived quality. Fornell states that when the expectations are held against the quality, the perceived value occurs.¹¹⁷

The customer's total experience with a product and the utility of the product is what determines the perceived value and in many cases the value is created from the connection between price and quality. The higher the quality, the higher the value is. But all in all, it is the individual customer's preferences that determine if it is of high or low value.¹¹⁸ However, it is according to Rust et al. more than just about value for money, value also concerns expectations (do the customer get the expected), quality and convenience (do the customer receive value in relation to the time they sacrifice).¹¹⁹ This is linked to Zeithaml's theory about give- and get- components, which is not only focused on money but also on non-monetary elements.¹²⁰

Customer satisfaction is dependent on value and if the customer experiences value, it will lead to satisfaction. In many incidents satisfaction is dependent on the link between quality and price.¹²¹ Creating value for the customers is the foundation for every successful business and Reichheld states that:

*"Creating value for customers builds loyalty, and loyalty in turn builds growth, profit, and more value"*¹²².

A company earns loyalty by consistently delivering superior value to the customer, meaning there is a dependent link between *perceived value* and loyalty.

Within the literature, it is known that *perceived value* has a direct effect on satisfaction and loyalty. However, in the literature there has predominantly been focus on value-for-

¹¹⁶ Zeithaml, Valarie A. (1988), p. 15

¹¹⁷ Martensen, Anne et al. (1998) Working Paper, p. 80

¹¹⁸ Martensen, Anne et al. (1998) Working Paper, pp. 33-34

¹¹⁹ Rust, Ronald, et al. (2004), p. 268

¹²⁰ Zeithaml, Valarie A. (1988), p. 13

¹²¹ Martensen, Anne et al. (1998) Working Paper, p. 31

¹²² Quote: Reichheld, Frederick F. (1996), p. 3

money and these studies mostly serve as the basis for the thesis but inspiration also comes from Zeithaml and Rust. All in all the WLN readers evaluate the paper from the perspective of what the reader gives (time) and gets (an update on local matters). *Perceived value* is determined as the gap between the costs and what is received, and in this case the cost for the reader is time. Even though the paper is free, it still has a sacrifice, which defends also using the theories focusing on monetary-costs in connection to *perceived value*. Time spent on reading the WLN is a sacrifice, as well as if the paper had had monetary-costs. *Perceived value* is therefore measured by whether or not it fulfills the information need and the fact that the paper is important (decisive) for the reader.

In view of the above definition and the review of preceding research i.a. from authors like Martensen et al. (1998), Zeithalm et al. (1988), and Rust (2004) the following hypotheses are set up for the latent variable *perceived value*:

H₄: There is a positive relationship between perceived value and satisfaction.

H₅: There is a positive relationship between perceived value and loyalty.

5.2.1.5.3. Operationalization

Perceived value can hereby be operationalized by the following four questions, in order to test the hypotheses. The research questions will combined indicate the influence that perceived value has on satisfaction and loyalty. See table 2.

No	Hypothesis	Latent Variable	No	Research Question
H ₄	Perceived Value → Satisfaction	Perceived Value	Q ₄₀	I keep updated on local matters by reading the WLN
			Q ₄₁	The content of the WLN fits my needs for information about the local community
H ₅	Perceived Value → Loyalty		Q ₄₂	The WLN is a decisive factor for me
			Q ₄₃	The WLN is suitable for me as an information source about the local community

Table 2

5.2.1.6. Customer Satisfaction

The latent variable customer *satisfaction* is an outcome of the preceding variables in the model and should therefore be seen as a dependent result-variable. Below the variable will be evaluated for its employment in the conceptual model.

5.2.1.6.1. Definition

Satisfaction is a subjective evaluation and an individual determined feeling. Throughout the years many different definitions of the term have been provided by different authors,

depending on the angle and the desired level of specification. This notion is supported by a quote by Oliver, who is one of the most cited authors within the area of customer satisfaction:

"Everyone knows what [satisfaction] is, until asked to give a definition. Then it seems, nobody knows."¹²³

Nevertheless, Kotler has managed to word a definition of satisfaction;

"...a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations."¹²⁴

This call for that expectations are an important factor within satisfaction. Oliver argues that;

"expectations have two components: a probability of occurrence (e.g. the likelihood that a clerk will be available to wait on customers) and an evaluation of the occurrence (e.g. the degree to which the clerk's attention is desirable or undesirable, good or bad etc.). Both are necessary because it is not at all clear that some attributes (clerks, in our example) are desired by all shoppers."¹²⁵

Concerning WLN, the readers have expectations of which attributes the paper should contain, and after reading the paper, an evaluation of the performance of these attributes will determine their level of satisfaction. However, *expectations* were excluded as a self-contained variable of the conceptual model based on research conducted by Martensen et al. which recommended an exclusion of *expectations* in future use of the ECSI model.¹²⁶ It is believed that, from a psychological point of view, *expectations* are implied in the overall satisfaction, but that expectations are stored in the subconscious mind and it is not always something the customers are aware of. One should therefore be aware of, that even though *expectations* are excluded as a variable in the conceptual model, expectations are still implied in the shaping of satisfaction.¹²⁷

A definition, which fits the purpose of this thesis, is also written by Oliver;

¹²³ Quote: Oliver, Richard L. (1997), p. 13

¹²⁴ Quote: Kotler, Philip (2000), p. 36

¹²⁵ Quote: Oliver, Richard L. (1981), pp. 33-34

¹²⁶ Martensen, Anne et al. (2000), p. 547

¹²⁷ Martensen, Anne et al. (1998) Working Paper, p. 52

“Satisfaction is the consumer’s fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or overfulfillment.”¹²⁸

This definition recognizes the psychological processes, which the consumers use in connection with their evaluation of satisfaction. The definition of *satisfaction* evolves around, to which degree a product or service satisfies a consumer’s needs. It calls for that there are at least two stimuli present – an outcome and a comparison referent. An outcome which will or will not satisfy the consumer’s needs, and a comparison referent from which a “standard” is created and which the experience or product will be measured up against. Possible comparison referents include prior satisfaction, others’ satisfaction etc.

5.2.1.6.2. Empirical Research

Customer satisfaction is important since satisfied customers are more likely to refer new customers to the business, which dramatically decreases the cost of actively acquiring these new customers.¹²⁹

Customer satisfaction can be seen as being a transaction-specific satisfaction or as a cumulative satisfaction. The transaction-specific customer satisfaction is the older of the two. Here *satisfaction* is based upon the consumer’s evaluation of one specific product- or service experience. It is the degree of satisfaction with a product or service at a specific point in time.

Another way to evaluate customer satisfaction is the cumulative satisfaction. In this case, *satisfaction* is defined as the customer’s overall evaluation based on total purchase and consumption experience with a product or service. Cumulative satisfaction is said to be an indicator of a company’s past, current, and future performance. Therefore, cumulative satisfaction is often the motivation for companies to invest in customer satisfaction and is therefore most companies’ point of departure in *satisfaction* measurements.¹³⁰

Fornell and Johnson support the use of a cumulative perspective on satisfaction and argue that it is better able to predict subsequent behaviors and economic performance, than a more transaction-specific view is.¹³¹ Furthermore, Fornell argues that consumers repurchase products or services on the basis of an evaluation of their experience and use of the product or service over time, and not just on the basis of a specific transaction or

¹²⁸ Quote: Oliver, Richard L. (1997), p. 13

¹²⁹ Christopher, Martin et al. (2002), p. 56

¹³⁰ Johnson, Michael D. et al. (2001)

¹³¹ Fornell, Claes et al. (1996) & Johnson, Michael D. et al. (2001)

episode.¹³² It is therefore assumed that the same scenario will occur with WLN, meaning that readers choose to read the paper once again based on their accumulated experiences with the WLN over time. Based on the above mentioned arguments, it is chosen to view satisfaction from the cumulative perspective in the remaining part of this thesis.

According to the Expectancy Disconfirmation Model it is most desirable to reach *positive disconfirmation*, where performance exceeds expectations, in order to reach a high level of satisfaction. *Zero disconfirmation* occurs when expectations and performances match, and the customer is satisfied.¹³³ However, since many authors argue that companies need their customers to be more than just satisfied, and actually need them to be highly satisfied or delighted for the satisfaction to transfer into ambassador-loyalty,¹³⁴ the goal for WLN must be positive disconfirmation in the sense that their performance should exceed the expectations.

As mentioned before, a high level of satisfaction can lead to customer loyalty,¹³⁵ which makes satisfaction an applicable aspect to be included in the conceptual model, as a sub subject for loyalty.

The *satisfaction* variable is suitable for the model of loyalty within WLN, however, it is chosen to modify the variable somewhat, and combine it with loyalty. This choice will be explained and argued for in section 7.6.

5.2.1.7. Customer Loyalty

Loyalty in general has already been dealt with in chapter 4. (Customer loyalty) Yet, in this section loyalty will be evaluated according to its component role in the ECSI model, where loyalty is the consequence of some level of satisfaction, which in turn is linked to its determinants.

5.2.1.7.1. Definition

Customer loyalty is the ECSI model's ultimate dependent variable, and should therefore be seen as a result-variable. Customer loyalty is the focal point of the conceptual model and could be defined as the following, as suggested by Oliver (1997);

¹³² Fornell, Claes et al. (1996)

¹³³ Oliver, Richard L. (1997), ch. 4

¹³⁴ Svanholmer, Bent (1996), pp. 58-59

¹³⁵ Reichheld, F. (1996) & Svanholmer, B. (1996)

"Customer loyalty is a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior"¹³⁶.

In the conceptual model, the main focus will be on reader loyalty. For the purpose of this thesis, reader loyalty is defined as;

"Reader loyalty is a deeply held commitment to repatronize a preferred paper consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior."¹³⁷

The above definition is an alteration of Oliver's definition of customer loyalty to fit reader loyalty in the case of WLN, where e.g. repurchase is not a relevant issue. It should be noticed, however, that the definition is not significantly different from that of customer loyalty, and it is therefore evaluated that the research on customer loyalty can be applied to reader loyalty as well.

5.2.1.7.2. Empirical Research

Much evidence is provided by theorists and practitioners who suggest that a loyal customer-base is important and can be a very profitable investment, as mentioned in section 4.4.

According to Kandampully & Suhartanto, customer loyalty can be viewed from two different dimensions: the behavioral and the attitudinal loyalty.¹³⁸ The behavioral loyalty is operationalized by choosing to pick up the paper and spend time reading it, instead of just throwing it away. Behavioral loyalty is measured on a regular basis by Index Denmark, which among others measure the number of readers for the individual WLN, the coverage of each WLN and total coverage.

This thesis mainly evolves around measuring and determining the attitudinal loyalty. This refers to the reader's intention to read the paper again in the future along with the reader's intention to recommend the paper to others.

It is chosen to combine the determinants *satisfaction* and *loyalty* as one result-variable in the conceptual model. The arguments for this choice will be presented in section 7.6.

¹³⁶ Quote: Oliver, Richard L. (1997), p. 392

¹³⁷ Own definition, but simply an alteration of Oliver's definition of customer loyalty

¹³⁸ Kandampully, Jay & Suhartanto, Dwi (2000), p. 347

Chosen variables

Since this thesis focuses on reader loyalty for WLN, the model will not include all the original ECSI variables,¹³⁹ as illustrated in figure 8. The conceptual model will include *image* and *perceived value* as variables defined by ECSI and satisfaction & loyalty will be a large part of the model as well. In contrast, the variables *hard ware* and *expectations* are included as superior categories as mentioned in section 5.2.1.3. and 5.2.1.2. for the additional variables in chapter 7.

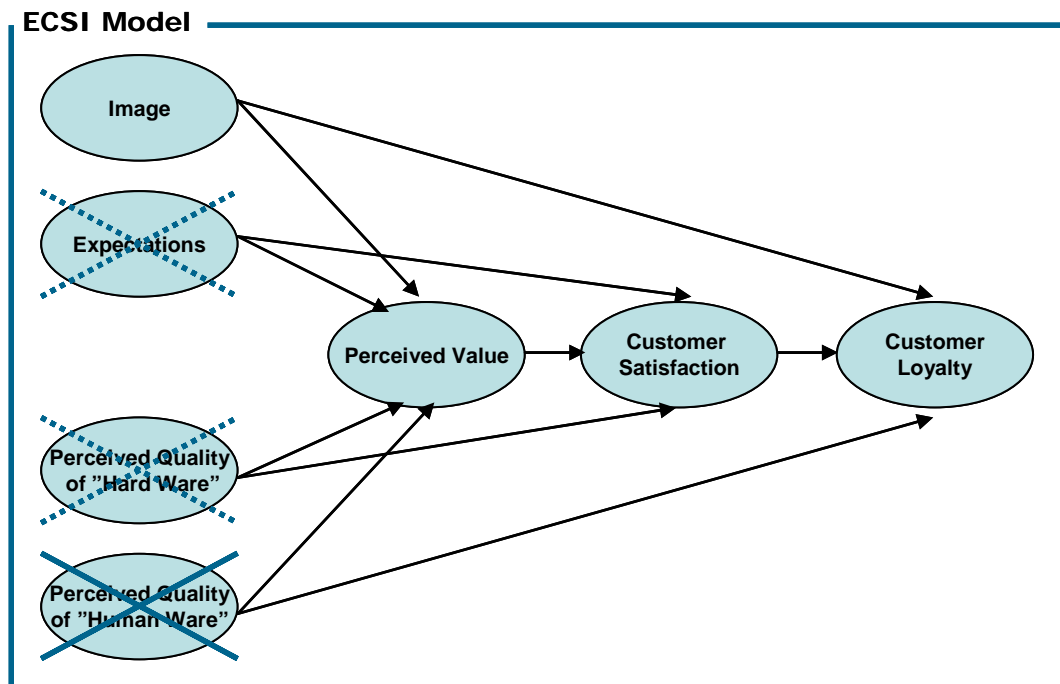


Figure 8 - Source: Martensen et al. (2000)

In order to receive input from WLN readers, a qualitative research was carried out. The next chapter will concern the qualitative research conducted to provide information and inspiration to the conceptual model.

¹³⁹ Martensen et al. (2000), p. 545

6. QUALITATIVE RESEARCH

The thesis is seeking to get insight into relevant theoretical and empirical research, which can contribute to a solution to the thesis' problem statement. It is chosen to collect primary data to support the secondary findings and can give input into the frame of reference. The above review of the original ECSI determinants serves as the foundation for further examination of the issue of reader loyalty. Therefore the qualitative data will contribute to the development of the conceptual model.

Three **in-dept interviews** with five respondents were carried out.¹⁴⁰ The respondents were beforehand aware of the subject matter in question, but no specific agenda was presented to the respondents prior to the interviews. The in-dept interviews' purposes were to get the opinion and knowledge of the respondent(s) within reader loyalty. The interviews were structured and carried out in connection to prepared research questions.¹⁴¹

Furthermore, the qualitative method of a **focus group** is applied in order to understand why readers read WLN. The focus groups were carried out as supplementary source of data¹⁴² to reach the goal of getting input to the theoretical frame of reference. The focus group discussions serve as a source of preliminary data in a primarily quantitative study.¹⁴³ The results of the focus groups will, among others, be used to develop the conceptual model, and to generate survey questions. Below, the focus group method and results will be presented.

6.1. Focus Group Methodology

It is chosen to conduct focus groups since they can produce large amounts of data.¹⁴⁴ It is quick and relatively straightforward to carry out focus groups and it is superior to individual interviews, since one focus group can gather more data than individual interviews can.¹⁴⁵ However, it should be kept in mind that the focus groups can be driven by the researchers point of interest and by directing the group it makes it less naturalistic

¹⁴⁰ Appendix 14 – Interview with Lone Søndergaard, Head of Development at POLA and Jacob Kaspersen, Head of Frederikssund Avis, 10 January 2007

Appendix A - Interview with Professor Anker Brink Lund – Copenhagen Business School, 5 January 2007

Appendix B - Interview with Jan Halling, Head of POLA and Kenneth Wegner, Head of Administration - POLA, 23 November 2006

¹⁴¹ Appendix 3 - Interview questions for personal interviews

¹⁴² Liamputtong, Pranee & Ezzy, Douglas (2005), p. 80

¹⁴³ Morgan, David L. (1997), p. 3

¹⁴⁴ Morgan, David L. (1997), p. 13

¹⁴⁵ Morgan, David L. (1997), p. 14

because the moderator will somehow influence the group.¹⁴⁶ Likewise, it should also be noted that the individuals in the focus groups might influence one another and some might express more extreme views in public than they would in private.¹⁴⁷

A brief pre-test was carried out in order to make sure that the focus groups would provide the right foundation for a trustworthy outcome. The pre-test was conducted by asking three different questions to three different people. The question, which provided the requested type of answer, was utilized in the actual focus group interviews.¹⁴⁸

Later in the process a quantitative survey will be conducted to, among others, test the results of the focus groups. Combining focus groups and surveys has a large value, since it combines the strengths from both methods.¹⁴⁹ The combination is strong because focus groups are good supplements to the surveys. In this case, the focus group will serve as pre-examinations that help develop the frame of reference for the future quantitative survey.

6.1.1. Group Composition

Two focus groups were conducted both consisting of five to six people¹⁵⁰ and the participants were all regular readers of the WLN. Using one group can be risky, because each group is different and by having two groups, it provides an opportunity to portray a more accurate result.¹⁵¹

The two groups were homogenous in the sense that the participants are all loyal readers of WLN and they all live in a province. However, the groups can be determined as heterogeneous when it comes to age and professional background. This composition of people reflect the loyal readers of WLN very well, since the WLN are read by people of all ages and by people with different professional backgrounds.¹⁵²

Focus groups rely on purposive samples, like most other qualitative methods. A **purposive sampling strategy** chooses the focus group participants according to the project's goals. The participants are chosen from the objective to create a discussion about WLN. Since the size of focus groups are always small it was important that the participants were regular readers of the WLN, in order for them to be able to discuss the

¹⁴⁶ Morgan, David L. (1997), p. 14

¹⁴⁷ Morgan, David L. (1997), p. 15

¹⁴⁸ It resulted in the final question being: "Why do you choose to read the weekly local newspaper regularly?"

¹⁴⁹ Morgan, David L. (1997), p. 28

¹⁵⁰ As recommended in the Affinity Diagram

¹⁵¹ Morgan David, L. & Scannell, Alice U. (1998), p. 82

¹⁵² <http://www.delokaleugeaviser.dk/sw/frontend/show.asp?parent=71658&layout=2#age> 16 January 2007

content of the paper, to form an opinion about the paper, and finally to express that opinion clearly to the group and to the moderator.¹⁵³

Because the participants are all readers of WLN, it made it possible to ask a question, which revealed the reasons why they are loyal readers. The two groups provided the answers needed.

6.1.2. The Affinity Diagram

To conduct the focus groups, it was chosen to use the "Affinity Diagram" (an Affinity) method. An Affinity is largely a creative tool, which encourages the participants in a focus group to express their "gut feeling" rather than an intellectual and logical expression of their opinions. An Affinity ties together the creative forces that are often present, even if only unconsciously.¹⁵⁴

An Affinity can be used for almost all situations where a focus group is applied. However, there are some situations, where it is increasingly recommendable to use this tool. According to Michael Brassard, the three "cleanest" uses of an Affinity are: A) "Facts or thoughts that are in chaos. When issues seem too large or complex to grasp, try an Affinity to "map the geography" of the issue." B) "Breakthrough in traditional concepts is needed. When the only solutions are old solutions, try an Affinity to expand the team's thinking." C) "Support for a solution is essential for successful implementation."¹⁵⁵

In this case, the issue is complex and there have not previously been conducted this type of research on this particular topic. Furthermore, reading the WLN is not always a deliberate action, which makes the issue and research complex for the participants to explain. Therefore, an Affinity is a suitable method to apply.

6.1.3. The Focus Group Sessions

The respondents of the two focus groups were initially asked if they read the WLN regularly (at least once a month). Once that was confirmed the individual was asked to participate in a focus group on a certain date and when they agreed they received a confirmation-letter.¹⁵⁶

Both groups were interviewed on neutral grounds in a conference room and refreshments were served. The groups were placed at a rectangular table, there was a moderator and assistant present and a tape recorder was placed on the table. Emphasis was put on all participants feeling comfortable in the situation. It is important to capture the "gut

¹⁵³ Morgan, David L. & Scannell, Alice U. (1998), p. 56-57

¹⁵⁴ Brassard, Michael (1996), p. 17

¹⁵⁵ Quotations; Brassard, Michael (1996), pp. 18-19

¹⁵⁶ Appendix 4 – Confirmation-letter for the focus group participants - inspired by; Morgan David, L. & Scannell, Alice U. (1998), p. 106

feeling” of the participants, which will only be possible if the participants feel comfortable enough to express themselves freely.

The moderator introduced the topic of the discussion, assisted the participants to discuss and also guiding the conversations, since it is the moderator’s role to obtain the needed information.¹⁵⁷ In the first part of the sessions, the moderator did not interfere and in the last part, a discussion was carried out, where the moderator leaded the conversation. The discussion was unstructured, however, the whole procedure was structured meaning that the moderator interfered and interacted if the participants were moving away from the topic.

The point of departure for the focus group “discussion” was the question;

“Why do you choose to read the weekly local newspaper regularly?”

Using an Affinity, the question should be clearly stated and the moderator should not explain or go more thoroughly into the question, in order to avoid leading the participants’ responses in a certain direction.¹⁵⁸

A brainstorm on the issue was carried out and the participants wrote their suggestions, ideas, and thoughts on post-it notes, one answer per note. The statements should be approximately three to seven words; not so short that it is too open for interpretation (and thereby creating a risk for misinterpretation), but still a concise statement. The first part of the procedure, the writing of ideas and thoughts, were done in silence. This was done in order for the participants not to influence each other, but also to make them feel like they could write anything they wanted without worrying about what the others might think.

All the post-it notes were gathered and the group sorted them into subcategories, placing them on a flip chart paper. Furthermore, each group was “named” with a header-card, which captured the central idea that ties all of the cards in each group together. The header-cards should be concise and state in five to ten words the essence of each grouping, which was actually also the case with both focus groups. The last part of the focus group process was “drawing” the final Affinity diagram, connecting the related groups with lines, and creating “super-headers” (titles).¹⁵⁹

In the following the output from the focus groups are outlined.

¹⁵⁷ Liamputtong, Pranee & Ezzy, Douglas (2005), p. 77

¹⁵⁸ Brassard, Michael (1996), p. 21

¹⁵⁹ Brassard, Michael (1996), ch. 1

6.1.4. Focus Group Results

The focus groups were successfully carried out and the below outlined factors are the gathered results from the two focus groups.¹⁶⁰ The participants read the WLN on a regular basis due to the attributes outlined in figure 9:¹⁶¹

Housing	Culture/ Sport	Offers/ Sales	Local News	Free/Dis tributed	TV- guide	Greetin gs	Job- adverts
Buying and selling of homes (adverts)	Cultural proposals from the local community	Special offers and sales	What is going on in the local community	Free	Tv-guide	Birthday greetings	Curiosity about the offered jobs
Curiosity about the real estate market	Music and concert activities	Where you can save money	Death notices/job adverts & police reports	Distributed to the household		Wedding greetings	Maybe the dream job became available this week
Looking for available apartments	Proposals from the local cinema	Adverts/articles of daily use to plan purchases	"Small" news of the community				
Who is selling in my area	Other activities, like sports	Daily goods and e.g. clothes	Debate contributions, letters to the Editor				

Losers:

- Easy to read
- Monitoring of competitors
- Looking for cars

Figure 9

Focus Group Losers

The "losers" (in the lower right part of figure 9) are the subjects that are only mentioned by one or two participants in the focus group and they are therefore not representative for the entire group. The losers are listed below.

- Because it is Good, Foreseeable and Easy-to-read

This answer can be interpreted as being the layout of the WLN.

- Monitoring of Competitors (Advertisers)

To follow the community's business life, to monitor what the competitors are doing, and to read about what kind of new innovations they offer. If you know someone who are engaged in the local community (owns his/her own business), one tends to follow what the competitors are doing.

This factor will not be included in the ECSI because it is two-dimensional. The participants who mentioned this have been local businessmen and the habit of

¹⁶⁰ Factors that are mentioned more than once are removed in order to keep the results foreseeable

¹⁶¹ Appendix 5 - Focus group results

competitor-surveillance was still a part of their reading routine. The factor is left out since it mainly concerns advertisers and not regular readers (only the readers who are also advertisers, which is a minority).

- Looking for Cars

Many WLN's have a large section on cars, adverts as well as articles.

6.1.4.1. Overall Focus Group Results

All the attributes that the two focus groups mentioned are outlined in figure 9. Almost everyone mentioned the first four attributes from the left side of figure 9 on their post-it notes. Number five, six, seven, and eight are attributes that only a few of the participants mentioned and the losers are the ones only one or two people mentioned. The attributes and their use in the frame of reference will be determined in the following chapter about chosen additional variables for the conceptual model.

The output from the focus groups will serve as a foundation for the further development of the conceptual model. With the empirical review and the qualitative results as the groundwork, the following chapter will concern the construction of the conceptual model. The following variables are among others, influenced by the results from the focus groups.

7. COMPLETION OF THE CONCEPTUAL MODEL

With regards to WLN, customer satisfaction is not the ultimate goal and neither is loyalty. Both factors are more means to an end. WLN are financed by the advertisers' money, not the readers'. Therefore, customer loyalty is important in order to attract the advertisers' money meaning if there are many loyal readers, the media is more attractive for the advertisers to invest in. However, this thesis focuses on reader loyalty, in order to maintain the high readership of WLN, but also to attract and retain advertisers to finance the WLN. Therefore, the model is essential to lay a foundation for developing a strategy for the WLN to stay in business and to keep up the incredible high number of readers in the increasingly competitive environment, where more new and advanced media arise.

ECSI is a generic model created to fit many industries. The variables are very wide-ranging and serve a purpose of being adaptable to different industries. It is important to notice that this thesis evolves around a specific industry and therefore the variables of the model developed for this industry, will be specific and more narrow-ranging. The determinants are chosen due to their perceived importance for the WLN industry, in order to get the most specific and valid measurements of loyalty.

However, the manifest variables of the basic ECSI model are not completely ruled out of the model, since most of the chosen determinants lead back to *perceived quality* and they are all, in some way, influenced by the readers' *expectations*. Nevertheless, *perceived quality* (of hard ware and human ware) and *expectations* are excluded as specific variables in this model.

Below, the **additional variables**, which are found to be drivers of satisfaction and loyalty, and of relevance to test, will be defined and evaluated on, for the purpose of developing a WLN Model of Reader Loyalty. These variables are more specific than the drivers in the basic ECSI model, since they are specifically selected for and fitted to the WLN. Together with *image*, the variables presented in this chapter will serve as the drivers of perceived value, satisfaction, and loyalty.

7.1. Local News

Local news is an important attribute for a WLN. In many incidents *local news* is the main building block of a WLN – in most cases the editorial articles serve as the base for the weekly paper.

7.1.1. Definition

Local news is viewed as an attribute, which has an influence on perceived value, satisfaction, and loyalty. *Local news* in the WLN context concerns editorial articles that inform about matters in the local area. Local news can also concern many other subjects and serve many purposes. Local news can be e.g. about local politics, local constructions, new business owners, or an association starting up.

The common definition for local news is as follows;

"Local news refers to news coverage of events in a local context, which would not normally be of interest to those of other localities, or otherwise be of national or international scope."¹⁶²

The definition fits the purpose of this thesis well. When speaking of WLN's the news coverage refers to editorial articles about the local community, information from the police rapport, and letters to the editor.

7.1.2. Empirical Research

Through an open-ended question in an empirical study of Danish WLN readers, Perron 1¹⁶³ has identified that more than half the readers answer that the paper is interesting because it *"...covers local matters"¹⁶⁴*. Actually, in the same study, many people signify that they would like more contents about the local municipality.¹⁶⁵ *Local news* has several sub-subjects, which the readers consider as a part of the overall category *local news*.

The two focus groups also clearly stated that *local news* is of importance, because the readers aim to follow what is going on in the local community. Both big and small news seems to be of interest in order to be up-dated on what is going on in the proximate world.¹⁶⁶

Four reader surveys from respectively Villabyerne (app. 99%)¹⁶⁷, Hillerød Posten (app. 99%)¹⁶⁸, Frederikssund Avis (100%)¹⁶⁹, and the average number for all POLA's

¹⁶² http://en.wikipedia.org/wiki/Local_news 12 February 2007

¹⁶³ Appendix E (disc) Reader Survey - Lokalavisen 2003 – "Perron 1 Kommunikation og Analyse", p. 6

¹⁶⁴ Quote: Appendix E (disc) Reader Survey - Lokalavisen 2003 – "Perron 1 Kommunikation og Analyse", p. 4

¹⁶⁵ Appendix E (disc) Reader Survey - Lokalavisen 2003 – "Perron 1 Kommunikation og Analyse", p. 6

¹⁶⁶ Appendix 5 - Focus group results or Appendix F (disc) Focus Group Discussion Holbæk, 17 January 2007 & Appendix G (disc) Focus Group Discussion Frederikssund, 22 January 2007

¹⁶⁷ Appendix H (disc) Reader Survey - Villabyerne 2006

¹⁶⁸ Appendix I (disc) Reader Survey - Hillerød Posten 2006

¹⁶⁹ Appendix J (disc) Reader Survey - Frederikssund Avis versus POLA 2006

newspapers (96%)¹⁷⁰ show that almost all of the readers spend time reading the local news in their WLN.

Local news is one of the WLN's core competencies. It covers the local environment and provides a feeling of belonging to a community. WLN's are perceived, by the readers, as being concerned with the "proximate world", the world that they meet in their everyday life and thereby with what is happening in their close proximity. In other words things they have a chance to influence and change. The WLN provides the readers with a local society, which other media cannot, to the same extent.¹⁷¹ This makes it obvious that the readers feel like they obtain value from the time they spend reading local news in the paper. It is thereby assumed that this value will influence loyalty.

In view of the above definition and the review of the reader surveys done by POLA (2006), Perron 1 (2003), and results from focus groups, the following hypotheses are set up for the manifest variable *local news*:

H₈: There is a positive relationship between local news and perceived value.

H₉: There is a positive relationship between local news and satisfaction & loyalty.

7.1.3. Operationalization

Local news can hereby be operationalized by the following measurement variables in table 3. Combined these will express the influence *local news* has on *perceived value*, reader *satisfaction & loyalty*. The determinant local news will be operationalized through the following research questions in table 3 below:

No	Hypothesis	Latent Variable	No	Research Question
H ₈	Local News → Perceived Value	Local News	Q ₁	The WLN's articles about news in the local area are good
			Q ₂	The WLN brings a suitable number of letters to the editor/debate contributions
			Q ₃	The WLN brings a suitable amount of information from the police report
H ₉	Local News → Satisfaction & Loyalty		Q ₄	The WLN keeps me well updated on local occurrences
			Q ₅	Overall evaluation of the WLN's local news
			Q ₆	Does the WLN's coverage of the local news live up to your needs?

Table 3

¹⁷⁰ Appendix K (disc) Reader Survey - Politikens Lokalaviser 2006

¹⁷¹ Appendix D (disc) Lokale ugeavisers rolle i danskernes indkøbsbeslutninger, De Danske Ugeavisers 2006, pp. 8-9

7.2. Housing

The real estate market in Denmark has had glorious times the last decade¹⁷² and the Danes have expressed growing interest in real estate, interior decoration etc. This is also evident from the continuously increasing number of television shows and magazines about the topic.

7.2.1. Definition

Most WLN's contain many real estate adverts and often they have their own housing-supplement to the paper every week. These supplements contain mostly adverts of houses for sale, whereas private adverts of "room to let" etc. are most often present inside the newspapers, among all the other adverts. In the supplements as well as inside the paper, there are articles on housing, interior decorating, craftsmanlike (DIY) challenges etc.

A suitable definition on *housing*, as it is applied in the thesis is;

*"Adverts concerning housing and real estate, and articles on housing conditions, with no distinction between newspaper-adverts and supplements."*¹⁷³

7.2.2. Empirical research

Not much research have been conducted on the subject of *housing*, but the two focus groups revealed two main reasons for reading the local *housing* pages: 1) curiosity; how much are the houses in my area worth (a.k.a. if I sold my house, how much would I get), who are moving etc. and 2) looking for a house or an apartment with an actual buy or move in sight.¹⁷⁴ Both views indicate that readers read the *housing* pages to be updated on the situation at the real estate market.

According to a reader survey made by Perron 1 for Lokalt Avisen, one repeated answer to the question "What do you particularly like about Lokalt Avisen" was; "good real estate adverts".¹⁷⁵ Four different surveys identify the same tendency about real estate adverts in WLN's. The question "Is there anything in particular, which you read in the WLN?" is very common in the four surveys. 43.9% of the readers of Frederikssund Avis¹⁷⁶ read the

¹⁷² "Boligfesten toppet i Danmark men fortsætter i Norge" <http://borsen.dk.esc-proxy.lib.cbs.dk/arkiv/enkelt/resultat/nph-brs?l=25&p=1&u=%2Farkiv%2Fenkelt%2F&r=17&f=G&d=FOBO&SECT1=NEWWEB&SECT2=AND&SECT3=NEWTOC2&op1=AND&s2=&s3=&s4=&s5=&s6=&s7=&s1=boligmarkedet> 13 March 2007

¹⁷³ Own definition

¹⁷⁴ Appendix 5 - Focus group results

¹⁷⁵ Appendix E (disc) Reader Survey - Lokalt Avisen 2003 – "Perron 1 Kommunikation og Analyse", p. 5

¹⁷⁶ Appendix J (disc) Reader Survey - Frederikssund Avis versus POLA 2006

real estate adverts, just above 50% of the readers of Hillerød Posten¹⁷⁷, and approximately 48% of the readers of Villabyerne¹⁷⁸ read the real estate adverts. 42.6% is the average number of Politiken Lokalaviser's readers, who read the real estate adverts.¹⁷⁹

Due to the assumed large interest in the real estate market, interior (and exterior) decoration etc. it is chosen also to include articles about the subject and to test the impact of these on the readers' *perceived value*, and *satisfaction & loyalty*.

The above mentioned surveys support the results from the focus groups. The fact that *housing* is named as one of the drivers that approximately half of the readers invest time in reading, indicates that the factor represent some value for the readers and is a contributory cause to reader *satisfaction & loyalty*. With inspiration from i.a. the research of POLA (2006), which indicates the relations, it leads to the following hypotheses:

H₆: There is a positive relationship between housing and perceived value.

H₇: There is a positive relationship between housing and satisfaction & loyalty.

7.2.3. Operationalization

The variable *housing* will be operationalized through the following six research questions in table 4:

No	Hypothesis	Latent Variable	No	Research Question
H ₆	Housing → Perceived Value	Housing	Q ₇	The housing adverts in the WLN keeps me well updated on the situation on the local housing market
			Q ₈	The WLN's articles on housing and interior decoration are good
			Q ₉	There is a suitable number of housing adverts in the WLN
H ₇	Housing → Satisfaction & Loyalty		Q ₁₀	There is a suitable amount of articles on housing and interior decoration in the WLN
			Q ₁₁	Overall evaluation of the WLN's housing pages
			Q ₁₂	Does the WLN's housing pages live up to your needs?

Table 4

¹⁷⁷ Appendix I (disc) Reader Survey - Hillerød Posten 2006

¹⁷⁸ Appendix H (disc) Reader Survey - Villabyerne 2006

¹⁷⁹ Appendix K (disc) Reader Survey - Politikens Lokalaviser 2006

7.3. Cultural Offers and Sporting Results

The local soccer-team, concerts in the parks, and wine-tasting at a local bar are all events that can make the local community come together and make readers feel like being a part of the local environment.

7.3.1. Definition

Cultural offers cover all the upcoming activities in the local area; sports as well as theatre and concerts. Furthermore, some WLN's also write about the sports results of the local sports teams, which is also included in this variable.

An applicable definition of this variable is;

“Adverts as well as articles concerning cultural offers and sports results, which are relevant for the citizens of the local community.”¹⁸⁰

It is chosen not to separate adverts and articles in this variable, since the two are interchangeable in this case. It could therefore provide unreliable answers, since it is assumed that many readers often do not notice, whether they are reading an article on e.g. the upcoming concert in the local park, or an advert for it. This assumption is supported by the notion that nobody in the focus groups distinguished between the two, when it concerned cultural offers and sports.¹⁸¹

7.3.2. Empirical Research

There is evidence that suggests that the readers perceive the culture section in the WLN as providing them with great value, since more than 60% invest time in this part of the paper every week.¹⁸² The results from four reader surveys of WLN's indicate that the *cultural offers* are important to the readers. The following percentages are the people who have answered “culture” to the question “Is there anything in particular you read in xxx (the name of their WLN)”¹⁸³ : 61.2% of the readers of Frederikssund Avis, approximately 65% in Hillerød Posten, and approximately 73% in Villabyerne. The average percentage of people, for the combined questionnaires of all of POLA's newspapers, answering that they in particular read about culture in their WLN is 63.6%.¹⁸⁴

¹⁸⁰ Own definition

¹⁸¹ Appendix 5 - Focus group results or Appendix F (disc) Focus Group Discussion Holbæk, 17 January 2007 & Appendix G (disc) Focus Group Discussion Frederikssund, 22 January 2007

¹⁸² Appendix K (disc) Reader Survey - Politikens Lokalaviser 2006

¹⁸³ Translated from: “Er der noget særligt du læser i xxx?”

¹⁸⁴ Appendix K (disc) Reader Survey - Politikens Lokalaviser 2006

Combined with sporting results, which the participants of the focus groups perceived as being one subject (*cultural offers and sporting results*), the percentages who invest time in this content of the WLN is even higher.¹⁸⁵

Sporting results is a determinant, which is not generic for WLN since not all WLN cover *sporting results*.¹⁸⁶ This calls for, combined with the recommendations from the participants in the focus groups, that *cultural offers and sporting results* should be researched as one variable, for the model to become generic for the entire industry.

The readers are investing time in reading the cultural offers and sporting pages, which show that the readers perceive this variable as providing them with valuable information. Therefore it seems relevant to include the variable pursuant to the focus group results (2007) and POLA research (2006), which leads to the hypotheses below;

H₁₀: There is a positive relationship between cultural offers and sporting results, and perceived value.

H₁₁: There is a positive relationship between cultural offers and sporting results, and satisfaction & loyalty.

7.3.3. Operationalization

The determinant *cultural offers and sporting results* will be operationalized through the following research questions:

No	Hypothesis	Latent Variable	No	Research Question
H ₁₀	Cultural Offers and Sporting Results → Perceived Value	Cultural Offers and Sporting Results	Q ₁₃	Overall, the WLN has a good coverage of the local area's cultural offers
			Q ₁₄	The WLN has a good coverage of the local area's offers concerning theatre, music, and movies
			Q ₁₅	The WLN provides good information about the local area's sports activities
H ₁₁	Cultural Offers and Sporting Results → Satisfaction & Loyalty		Q ₁₆	The WLN has a good coverage of the local area's sporting results
			Q ₁₇	Overall evaluation of the WLN's local cultural offers and sporting results
			Q ₁₈	Does the WLN's coverage of local cultural offers and sporting results live up to your needs?

Table 5

¹⁸⁵ Notice that multiple answers were allowed, which can result in, that it is the same people who read the cultural offers as well as the sports results

¹⁸⁶ E.g. By & Land in the Holbæk-area does not cover sporting events

7.4. Free and Household Distributed

The WLN is without monetary cost and it is delivered directly to each household. This is one of the attributes that is assumed to have an influence on the fact that the readers read the WLN frequently. It is believed that the convenience this manifest variable provides plays an important role in creating value for the reader.

7.4.1. Definition

Many years ago the readers had to pay for their WLN, but today the WLN is distributed free of charge to all households in a given area.¹⁸⁷ This thesis' outlook on the fact that the paper is free and distributed to the door is determined by the following definition;

*"The WLN readers do not experience any monetary costs and the WLN is distributed to all households in a local area."*¹⁸⁸

7.4.2. Empirical Research

The results from the focus groups show, that there is a certain value for the readers in the fact that a WLN is free and especially the value in the household distribution is appreciated by the readers.¹⁸⁹ As previously mentioned, the financial situation in Denmark, where a substantial part of the population has a large disposable income, makes time a more scarce resource than money and household distribution can therefore be assumed as being of great value to the readers.

Brunner makes a statement, which supports the way WLN's do business today;

*"Media fragmentation and diversity are changing the way people interact with information and media and, more importantly, fragmentation is changing media value perceptions. With content available free on the Internet, people don't see any reason to pay for it. What they will pay for are convenience and ease of use, reliability, predictability and the editorial process. People won't stop reading newspapers just yet, but they will stop paying for them."*¹⁹⁰

The convenience of household distribution and the experience of actually receiving something for free (which is seldom in today's society) create a perceived value for the reader, which could be interesting to conduct further research on. On the basis of the above mentioned definition and research reviews of Brunner (2006) and results from the

¹⁸⁷ Grønholdt, Lars et al. (2006), p. 76

¹⁸⁸ Own definition

¹⁸⁹ Appendix 5 - Focus group results

¹⁹⁰ Quote: Brunner, Laurel (2006), p. 14

focus groups (2007), it is also assumed that the fact that the WLN is free and distributed to the household, could impact reader *satisfaction & loyalty*. This puts forward the following hypotheses for testing the manifest variable *free newspaper and household distributed*:

H_{12} : There is a positive relationship between free and household distributed, and perceived value.

H_{13} : There is a positive relationship between free and household distributed, and satisfaction & loyalty.

7.4.3. Operationalization

Free and household distributed can hereby be operationalized by the following three research questions. Combined these will indicate the influence that the determinant has on *perceived value* as well as on reader *satisfaction & loyalty*.

No	Hypothesis	Latent Variable	No	Research Question
H_{12}	Free and Household Distributed → Perceived Value	Free and Household Distributed	Q ₁₉	The WLN is always delivered to the door
H_{13}	Free and Household Distributed → Satisfaction & Loyalty		Q ₂₀	The WLN is always delivered the same day it is published
			Q ₂₁	I would subscribe to the WLN (household distributed) even though I had to pay a small amount for it (e.g. 5-10 DKK per newspaper)

Table 6

7.5. Others

It is chosen to test a variable called *others* since a WLN contains many sub-attributes. However, devoting a determinant to each attribute would create a somewhat complex model and since some of the attributes are not present in all WLN, the WLN Model of Reader Loyalty would be less generic for the industry. In addition, it seemed important to cover as wide an area as possible to get the most reliable result.

7.5.1. Definition

Others include job advertisements, the tv-guide, Names (birthday- and wedding greetings, anniversaries, and death notices), articles and adverts concerning cars, articles about the garden, Entertainment (Sudoku, cross word puzzles, and comic strips), sales and offers, and the paper's layout (format, colours, font etc.).

In one of the conducted focus groups, the participants placed death notices, anniversaries, and job advertisements under the headline *local news*. However, these attributes are not matters the WLN has the power to influence and does therefore not fit the other measurement variables of *local news*. Yet, they were still mentioned by a large part of the two focus groups and also emphasized in the research done by POLA. This is why their influence on value and *satisfaction & loyalty* should be tested, in this case as a part of the variable *others*.

7.5.2. Empirical Research

A survey conducted on most of the WLN owned by POLA shows that on average 35.4% of the readers read articles about the garden, 9.5% read about cars, the job-section is read by 34.1% and "Names" is read by 60.9% of the readers.¹⁹¹

One of the focus groups placed **job advertisements** in a separate group, whereas the other placed it under *local news*. As mentioned, it is a determinant on which the editorial staff does not have much influence and therefore it is chosen to test its significance as a part of *others*.

Some of the participants in the focus groups mentioned that the **tv-guide** is a very important part of the WLN. This led to other participants, which received other WLN, starting to wonder why their WLN did not contain a tv-guide. Some stated that they would like it to become a regular part of their own WLN.¹⁹² Thereby they expressed that a tv-guide would add extra value to their WLN and it can therefore not be neglected in the development of the conceptual model.

Birthday- and wedding greetings were assigned to a separate group, by the focus group participants. It is assumed to be an attribute that is present in all WLN, but it is something that the editorial staff does not have much influence on. They can decide, however, how much space they want to devote to the subject, which is what will be tested in the *others* variable, included in the measurement variable **Names**.

Only one person in the second focus group mentioned that the person "looked for **cars**" in the WLN, but the attribute is included in the variable *others*. *Looking for cars* is included since it is incorporated in all of the reader research done by POLA and those results imply that it is of importance to the readers. This accounts for **garden** as well.

¹⁹¹ Appendix K (disc) Reader Survey - Politikens Lokalaviser 2006, slide 9

¹⁹² Appendix 5 - Focus group results or Appendix F (disc) Focus Group Discussion Holbæk, 17 January 2007 & Appendix G (disc) Focus Group Discussion Frederikssund, 22 January 2007

In a survey conducted by Perron 1 in 2003, the respondents were asked what they felt was missing in the WLN Lokalavisen and some of the frequent answers were **entertainment** such as pages for children and comic strips.¹⁹³ Furthermore, some focus group participants mentioned that they would like their WLN to contain a Suduko and a cross word puzzle.¹⁹⁴

One of the things that take up a large part of the space in a WLN is adverts for **sales and offers**.

Sales and offers are advertisements in the paper, which again is something the editorial staff cannot influence much. Most of the participants mentioned this variable, which is also why a great deal of interest has been devoted to it in the empirical research of *others*. It can be offers from the local supermarket, an advert telling readers that a clothes shop is having a sale, a bike-shop starting their spring-sale etc. Due to the high readership, it is an attractive media to advertise in for almost every kind of business. Because of this sales and special offers in the local area will in most cases be marketed in the WLN.

An empirical study of readers of the WLN Lokalavisen (Perron 1 2003) clarifies that 71.43% of their readers read about sales and special offers every week.¹⁹⁵ Furthermore, 12.86 % have answered that they read sales and special offers approximately every other week.¹⁹⁶

According to Professor Anker Brink Lund, almost everybody is interested in the sales and special offers and spend time on these adverts. However, he claims that no one would ever admit to reading the sales and special offer advertisements and that it is therefore not possible to measure its importance by asking the readers directly.¹⁹⁷ Yet, it does not seem to be the case with the participants in the two focus groups who all mentioned reading the WLN due to the sales and special offers adverts, without any encouragement. Furthermore, research conducted by Gallup for Forbrugerkontakten, shows that 97% of people who receive direct mail advertising, actually read it or at least look at it.¹⁹⁸ In average, people read/look at 9 copies of direct mail advertising every week, which is

¹⁹³ Appendix E (disc) Reader Survey - Lokalavisen 2003 – "Perron 1 Kommunikation og Analyse", p. 6

¹⁹⁴ Appendix 5 - Focus group results or Appendix F (disc) Focus Group Discussion Holbæk, 17 January 2007 & Appendix G (disc) Focus Group Discussion Frederikssund, 22 January 2007

¹⁹⁵ The paper is distributed once a week. Appendix E (disc) Reader Survey - Lokalavisen 2003 – "Perron 1 Kommunikation og Analyse", p. 5

¹⁹⁶ Appendix E (disc) Reader Survey - Lokalavisen 2003 – "Perron 1 Kommunikation og Analyse", p. 5

¹⁹⁷ Appendix A (disc) Interview with Professor Anker Brink Lund – Copenhagen Business School, 5 January 2007

¹⁹⁸ http://www.forbrugerkontakt.dk/fk/Gallup/gall_sp03_2004.pdf 23 February 2007

approximately 2/3 of the copies received.¹⁹⁹ Therefore it can be argued that Danes do not mind admitting to reading and using adverts. Even though WLN and direct mail advertising are two different media there are a lot of similarities, which suggest that the readers' tendencies and the use of direct mail advertising can be transferred to WLN. Both media are print and they are delivered free of charge to the receivers doorstep. In both cases, the reader will have to do something active in order to avoid receiving the media, which actually rarely happens. Only 11% have required a "Ingen reklamer, tak!" sign.²⁰⁰ WLN and direct mail advertisements are evaluated by the Danes as being the two media, where they can find the most specific offers to plan everyday shopping.²⁰¹

The above mentioned survey results support the notion that people are interested in sales and offers, are planning their purchases according to the adverts, as well as spend time actually reading the sales and offers. Thereby it substantiate the belief that this factor is of value to the readers and that measuring the influence of adverts for sales and offers, on *perceived value* as well as on *satisfaction and loyalty* is important for developing a sufficient model. It should also be kept in mind that sales and offers is a feature of all WLN and is therefore appropriate to include in a generic model.

One participant mentioned that the WLN was well-arranged and had a good **layout**, which was one of the reasons why that participant was loyal towards the paper. This aspect will be part of the determinant *others*, where it is referred to as the layout of the paper. This is done since other research has implied that the layout of the paper is of importance.²⁰²

Even though WLN are not known for a high-tech or super modern luxurious layout, it seems that it is somewhat important after all. In the previously mentioned survey conducted by Perron 1 in 2003, the respondents were asked what they liked in particular about their WLN. More people actually mentioned the font of the paper and the pictures, which indicate that layout is not at all irrelevant for the readers of WLN.

From the above arguments and with inspiration from i.a. Perron 1 (2003), Brink Lund (2006), and Gallup (2007) it is reasonable to believe that the different elements of the variable *others* will have an impact on the readers' *perceived value* and on *satisfaction & loyalty*, which is why the following hypotheses are suggested:

¹⁹⁹ "Danskernes brug af reklame 2005" conducted by Gallup for Forbrugerkontakten, p. 11
<http://www.forbrugerkontakt.dk/Gallup/Gallup+brochure> 23 February 2007

²⁰⁰ Appendix 6 - E-mail correspondence with Post Danmark

²⁰¹ "Danskernes brug af reklame 2005" conducted by Gallup for Forbrugerkontakten, p. 12
<http://www.forbrugerkontakt.dk/Gallup/Gallup+brochure> 23 February 2007

²⁰² Appendix E (disc) Reader Survey - Lokalavisen 2003 – "Perron 1 Kommunikation og Analyse"

H_{14} : There is a positive relationship between others and perceived value.

H_{15} : There is a positive relationship between others and satisfaction & loyalty.

7.5.3. Operationalization

The determinant *others* is the most comprehensive variable in the WLN Model of Reader Loyalty. It will be operationalized through the following research questions, displayed in table 7.

No	Hypothesis	Latent Variable	No	Research Question
H ₁₄	Others → Perceived Value	Others	Q ₃₂	The WLN has a suitable amount of job advertisements
			Q ₃₃	It is important to me that the WLN contains a tv-guide
			Q ₃₄	The WLN has a suitable amount of Names (death notices, anniversaries, birthday- and wedding greetings)
			Q ₃₅	The WLN has good articles and adverts concerning cars and the like
H ₁₅	Others → Satisfaction & Loyalty		Q ₃₆	The WLN has good articles about the garden
			Q ₃₇	The WLN would be a better newspaper, if it contained more entertainment pages (cross-word puzzles, Sudoku and comic strips)
			Q ₃₈	The WLN has a suitable number of adverts for sales and offers
			Q ₃₉	The WLN has a good layout (format, font, colours etc.)

Table 7

7.6. Satisfaction & Loyalty

The variable *satisfaction & loyalty* is dependent on the preceding variables in the model and should be perceived as a result-variable.

As mentioned before, satisfaction has a direct influence on loyalty. However, since satisfaction is not a goal in itself, it is chosen not to measure the two (satisfaction & loyalty) separately because they are viewed as a unity. The two are therefore combined as one result-variable for the conceptual model. The two terms have previously in this thesis been defined and evaluated separately in section 5.2.1.6. and 5.2.1.7. respectively.

7.6.1. Definition

Much research has been conducted on the connection between customer satisfaction and loyalty some stating that there cannot be any loyalty if there is no satisfaction. Dr. Ned Roberto and Ardy Roberto argue that "*no customer can be loyal to something that has disappointed or is disappointing that customer*". However, customer loyalty is a more

complicated matter than customer satisfaction. This is because satisfaction is no guarantee for loyalty, whereas loyalty is a “guarantee” that the customer is somewhat satisfied, unless there is monopoly.²⁰³

To establish a loyalty strategy, it is essential to be aware of the drivers that influence loyalty in the given industry and company in question. According to Svanholmer, “price” is the least important factor for determining loyalty.²⁰⁴ As mentioned before, WLNs distinguish themselves from most other products by being free of charge. The fact that price does not seem to be an important loyalty factor in most industries supports the use of a loyalty model. Svanholmer argues that *quality, service, relations, and image* are the primary loyalty factors. When evaluated compared to the price and to the competitors offers, these factors provide the customer with a “relative value”.²⁰⁵ Depending on the size of this relative value, the customer will be more or less satisfied. However, it is not enough for the customer to be satisfied. He or she should be very satisfied or delighted, before it is likely that the satisfaction will affect the degree of loyalty.²⁰⁶

The level of satisfaction is also dependent on the expectations the customer had before the buy/use of the product.²⁰⁷ In general, when a potential customer expects that the relative value will fulfill the expectations, there is a possibility for a buy/read to occur. Satisfaction is when expectations are met or exceeded (figure 10).²⁰⁸

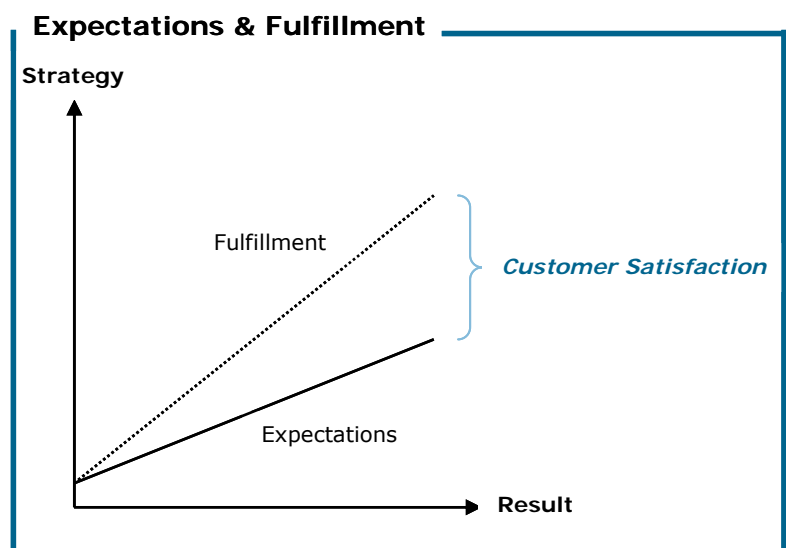


Figure 10 – Source: Svanholmer (1996)

The other way around, when the relative value does not live up to the customers expectations there is a risk of losing that customer.

The decision to measure both loyalty and satisfaction as one variable is supported by Kopacek, the President of Survey Value Inc., who argues that:

²⁰³ Roberto, Dr. Ned & Roberto, Ardy (2006), pp. B2-4

²⁰⁴ Svanholmer, Bent (1996), pp. 58-59

²⁰⁵ Svanholmer, Bent (1996), p. 59

²⁰⁶ Svanholmer, Bent (1996), pp. 58-59

²⁰⁷ Svanholmer, Bent (1996), p. 80

²⁰⁸ Ibid.

*"In managing a loyalty program it makes most sense to consider loyalty attitudes to be part of customer satisfaction. All your efforts in this field need to be directed at winning more favorable customer attitudes so you can get more loyalty behavior. Don't spend your time trying to "improve" loyalty behavior, it's just the result. It's a metric. Spend you time improving the root causes of customer satisfaction and that will create loyalty behavior outcomes."*²⁰⁹

Hence, it can be concluded that loyalty behavior is the outcome of satisfaction. As customers become more satisfied, they start to take on some loyalty attitudes.²¹⁰ As mentioned before, the importance of loyalty is seen in that it provides the company with a steady customer-base in the future, especially if the readers find the WLN to be of great importance to them. It decreases the necessary marketing expenses, since loyal customers generate positive word-of-mouth, which is a cheap and often very effective type of "marketing".²¹¹

The inseparability of satisfaction and loyalty is worded very clear by Heskett et al. in the statement: *"Loyalty is a direct result of customer satisfaction."*²¹²

Since the loyalty in question in this thesis is *reader loyalty*, the definition in 4.1. is the foundation for the joint definition.

It is chosen to define the variable *satisfaction & loyalty* as:

*"Reader loyalty is a deeply held commitment to repatronize a preferred paper consistently in the future and to recommend it to others, due to satisfaction"*²¹³

7.6.2. Empirical Research

The overall goal of the developed model is to identify the drivers of reader loyalty. It is assumed that if the readers are not satisfied on a short-term basis they will not become loyal readers. Readers should be satisfied in order to become loyal and since 78.5% reads the WLN, it is already known that most of WLN readers are loyal and therefore to some extent satisfied. It is chosen to measure satisfaction and loyalty as one result-variable. The empirical findings on the subject imply that the two variables are closely connected. In the conceptual model loyalty is the long-term objective.

It is assumed that loyalty is created mainly due to a certain level of satisfaction with the WLN. Satisfaction as a self-contained determinant is not essential, since this is not the

²⁰⁹ Quote: Kopacek, Gary (2003) http://www.surveyvalue.com/customersat_overview.html 8 March 2007

²¹⁰ Kopacek, Gary (2003) http://www.surveyvalue.com/customersat_overview.html 8 March 2007

²¹¹ Christopher, Martin et al. (2002), p. 49

²¹² Quote: Heskett, James L. et al. (1994), pp. 164-165

²¹³ Own definition

aim of the model. The point of departure was taken in the fact that WLN have a 78.5% readership, making it clear that the readers are loyal and most likely satisfied. To put it differently, it is predicted that if readers are not somewhat satisfied they will not read the WLN, unless it is a monopoly situation.

With a starting point in research developed by e.g. Oliver (1997), Fornell (1996), Kopacek (2003), and Jones and Sasser (1995) it is evident that there is a relationship between satisfaction and loyalty. Empirical evidence for the relationship between satisfaction, loyalty, and the other latent variables in the conceptual model have been examined and hypothetical stated, which render a further empirical examination of satisfaction & loyalty superfluous.

7.6.3. Operationalization

As can be seen, loyalty and satisfaction are linked closely together and it was therefore found relevant to include questions about satisfaction because loyalty is a close function of satisfaction.

The research questions for the entire variable *satisfaction & loyalty* are based on the empirical findings in sections 5.2.1.6 and 5.2.1.7. and are presented in table 8.

Latent Variable	No	Research Question
Satisfaction & Loyalty	Q ₄₄	My WLN fulfill my wishes for a WLN
	Q ₄₅	The WLN live up to my expectations
	Q ₄₆	Based on your overall experience with the WLN, how satisfied are you then all together?
	Q ₄₇	Imagine the perfect WLN, how close or how far away is your WLN from this ideal?
	Q ₄₈	Is it important to you to be able to read/have access to the WLN in the future?
	Q ₄₉	Do you think you will still read the WLN in a year from now?
	Q ₅₀	Would you recommend others to read the WLN?

Table 8

7.7. The Conceptual Model

After the review of the variables from the ECSI model as well as the additional specific variables, the conceptual model is now developed and consists of eight latent variables and 50 measurement variables (figure 11).

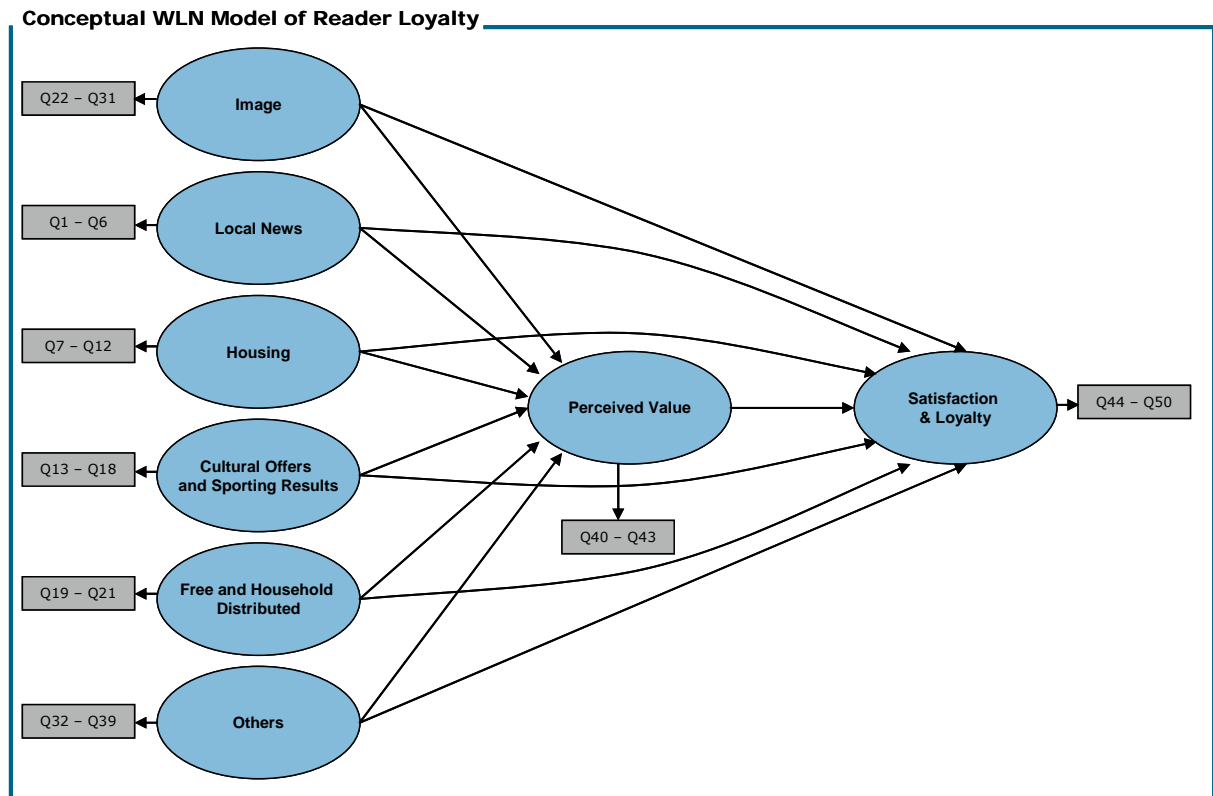


Figure 11

In the following chapter (8) the methodology for the quantitative research is outlined, to provide an understanding of the choices made in the development of the quantitative survey.

8. QUANTITATIVE METHODOLOGY

In order to conduct research on the determinants of the conceptual model, a quantitative survey will be developed. The survey will be distributed to WLN readers and the aim is to receive answers to the asked questions in order to elucidate the relationships between the variables and reader loyalty.

To make it possible to carry out a quantitative research, it is important to know the different methods. There are mainly three methods available; personal interviews, telephone interviews, and letter/Internet surveys. In connection to the thesis' subject the Internet survey is evaluated as being the most suitable. With an Internet survey, a large amount of data can be collected relatively fast and it can provide a higher rate of answers in comparison to e.g. personal interviews.²¹⁴

	Personal interviews	Telephone Interviews	Paper/Letter/Internet Questionnaires
Pros	-Ability to show response cards -Ability to show stimulus material -More complex questions can be asked	-Relative anonymity can reduce bias	-Time to consider the answers -Time to write long answers
Cons	-Self-presentation bias -Selection bias -Third party bias	-Use of prompts can be difficult and difficult to show stimuli. ²¹⁵	-No stimuli can be included -No interviewer to clarify misunderstandings ²¹⁶

Table 9 – Source: Brace, Ian (2004)

8.1. Questionnaire Design

It is chosen to distribute the **survey online**. The link to the questionnaire will be showed in Frederikssund Avis and also distributed to other parts of the country by e-mail. Since the target group for WLN is wide, it is not a problem to reach the audience by e-mail or online. A recent study showed that people responding via computers provide more truthful answers than with self-administrated paper questionnaires.²¹⁷ Due to the above mentioned reason, the fact that it can reach more respondents by distributing online, and because passing people up on the street is known to be very time-consuming and ineffective, the online approach is chosen.

All in all there are 50 posed questions. At the end of the questionnaire a few demographic questions are posed to the participants.²¹⁸

²¹⁴ Dillman, Don A. (2000), pp. 354-355

²¹⁵ Brace, Ian (2004), p. 25

²¹⁶ Brace, Ian (2004), pp. 36-42

²¹⁷ Dillman, Don A. (2000), p. 38

²¹⁸ Appendix 16 - Questionnaire (Hard Copy of the electronic Internet questionnaire)

The first two questions are screening questions. Here it is determined if the person reads the paper often enough to participate²¹⁹ and in what geographical area the respondent is situated. The following parts of the questionnaire are the items the respondents will most likely find interesting. These are all the questions concerning the attitude towards the WLN. The demographic questions are placed in the end of the survey, since they are less interesting to answer for the respondents.²²⁰

Two types of questionnaires are distributed. In practice, there is only one questionnaire, but depending on where the respondent live, the respondent is directed to either the national (generic) or Frederikssund Avis questionnaire. The first is generic and asks questions to WLN in general. The respondents are asked why they read their local paper, without mentioning the name of their WLN. The second questionnaire is only distributed in the coverage area of Frederikssund Avis, in order to find out how the readers think that Frederikssund Avis performs. The generic questionnaire is e-mailed to respondents and with the e-mail a short introduction to the survey and why it is important to answer, is attached. The questionnaire distributed in Frederikssund is known to people via an article in the paper about the thesis²²¹, the aim of the survey, and how the answers can help Frederikssund Avis in meeting the needs of the readers. By clicking on the top banner of Frederikssund Avis' homepage respondents can fill out the questionnaire.²²²

Most of the questions asked are **closed-ended questions** with ordered response categories,²²³ which will give homogeneous and structured responses.²²⁴ This approach secures that the statistic data handling will be more valid, because the answers do not have to be interpreted or decoded when the survey ends.²²⁵ The respondent is offered different answering possibilities from which the person is expected to select the answer that comes closest to their personal views.²²⁶ This type of question is most favorable when the concept is well-defined for which an evaluative response is wanted.²²⁷ Therefore these close-ended questions are chosen with the scale of 1-7, where 1 is the lowest possible and 7 the highest possible.

²¹⁹ Uses more than two minutes on the paper on a regular basis (reads it at least once a month)

²²⁰ Dillman, Don A. (2000), p. 92

²²¹ Appendix 7 - Articles from Frederikssund Avis

²²² www.frederikssundavis.dk 20 April 2007

²²³ Dillman, Don A. (2000), p. 43

²²⁴ Chisnall, Peter (2005), p. 147

²²⁵ Dillman, Don A. (2000), pp. 43-45

²²⁶ Chisnall, Peter (2005), p. 146

²²⁷ Dillman, Don A. (2000), p. 43

However, it should also be mentioned that the questionnaire contains a few demographic questions, which are posed as open-questions and therefore gives some unstructured responses.²²⁸

Choosing the **words** to use when creating the questions, and in which order, is not simple. The wrong words can create many problems from being too vague to being misunderstood. In preparing the questions there has at all times been an emphasis on using simple words, keeping it short and being specific²²⁹, in order to receive the most constructive answers.

A number of forms of **rating scales** have been developed to address responses to a series of attitudinal dimensions. The **Likert scale** is a technique for the measurement of attitude²³⁰ and is also known as the "agree-disagree scale". The technique is easy to administer. The Likert scale can give scores for each variable and also provide an overall score for each individual respondent. The response to individual statements is of interest in order to determine the specific aspects of attitude that drives behavior and choice for each individual. The data will be used in factor analysis in order to identify groups of attitudinal statements that have similar response patterns.²³¹ It is chosen to apply the Likert scale in the survey, because it is suitable to the theme of the thesis.

In the questionnaire, three different scales were used: "agree-disagree", "yes for sure – no surely not," and "too few – too many". There were also added a "I do not know" option with all the scales, so the respondent can use this if he/she does not know what to answer. Furthermore, the option of answering "no experience" is provided, to distinguish between the respondents who do not have an opinion about the topic, as opposed to the ones who do not have that attribute present in their WLN.

In the questionnaire it is chosen to apply the **7-point scale**, even though other similar surveys have applied both five and ten point scales. It can be argued that the seven point scale is too wide, but this is not determined from the pre-test. With a seven point scale it is possible to have a more varied picture of the respondents' attitudes, whereas a five point scale does not leave much room for nuanced answers. In contrast, a ten point scale can look boundless, and combined with quite a lot of questions in the questionnaire; it could cause people not wanting to answer.

²²⁸ Chisnall, Peter (2005), p. 147

²²⁹ Dillman, Don A. (2000), pp. 50-51

²³⁰ Chisnall, Peter (2005), p. 238

²³¹ Brace, Ian (2004), p. 86

8.2. Sampling

Online questionnaires that the respondents are answering by themselves set high standards for the questions asked. The questions should be very clear and unambiguous, because the respondents do not have the opportunity to get an explanation for any complex questions. The consequences of unambiguous questions can be a lower response rate and the risk of respondents misinterpreting the questions, which would influence the validity negatively. To dismiss this problem, the questionnaire is tested on ten people.

The **pre-test** was first carried out with five people. The questionnaire was distributed on paper and the respondents were asked if they could identify any problems concerning the questions, the answering possibilities, or the general text. The respondents read and answered the questions and afterwards provided their comments. The second group consisting of five other people received the questionnaire by e-mail. Their task was then to identify if there were any complications with the online-questionnaire and also to comment on the content. With the pre-test respondents' comments in mind, questionnaire adjustments were made. Generally there were comments to the choice of words and other minor details. These included clarifying that *Søndagsavisen* is not a part of the WLN and comments on the fact that there were many questions in the survey. Before distributing the questionnaire, a final pre-test was carried out on five people, to reconfirm the final questionnaire content.

The sample is a **random sample**. The questionnaire is distributed by Frederikssund Avis (for the readers that wish to participate) and also by e-mail. With the e-mail approach the respondents receive an e-mail where they are told about the survey and asked if they wish to participate.²³² If they do not they are asked just to delete the e-mail, containing the link to the questionnaire.²³³

When the survey is conducted online, it automatically excludes the ones without an Internet access. This is not seen as a problem, even though one could imagine that it would exclude the older part of the population. Yet, Frederikssund Avis has previously conducted online surveys, where the age dispersion was representative of the readers' age-groups.²³⁴ 83% of the Danish population has access to the Internet from their home.²³⁵ It is therefore sought to reach a representative sample of the readers via the Internet survey.

²³² Appendix 1– E-mail to Internet survey respondents

²³³ Dillman, Don A. (2000), p. 151

²³⁴ Appendix 14 – Interview with Lone Søndergaard, Head of Development at POLA and Jacob Kaspersen, Head of Frederikssund Avis, 10 January 2007

²³⁵ Danmarks statistik, Serviceerhverv, Befolkningens brug af Internet 2006, p. 1

In order to determine the **sample size**, it is necessary to consider what demand the statistical analysis sets for the sample size. In general, it is recommended to collect a large amount of data in order to get a reliable result from the analysis of the data. In the literature the sample size mostly ranges from 200 to 400, because there are often some limitations. Additional to the general recommendations, there are more specific advice connected to the amount of variables used. It is recommended that a survey gets minimum five times as many answers as variables present, or even more preferably 10 to 20 times as many answers as there is variables. This survey has 50 measurement variables; hereby the sample size would amount to respectively 250, 500 or 1000.²³⁶ 583 is the mean of the three numbers and therefore it is the goal to reach a sample size of approximately 583 respondents.

In order to get more people to answer the survey, a gift certificate for DTF travel at the value of 1,500 DKK is offered to one winner.²³⁷ The winner is determined by lot and will be published in Frederikssund Avis. Such an **incentive** can often motivate the readers to participate and response rates can be increased²³⁸, therefore it is chosen to offer a gift certificate.

The quantitative approach to developing the survey has now been specified and the next chapter will put emphasis on the data generated from the questionnaires. Focus is on the output and how the data will be handled in order to illustrate the relationships and results of the conceptual model, to develop the WLN Model of Reader Loyalty.

²³⁶ Appendix L (disc) Lecture notes from Markedsanalyse, Torben Hansen, lecture 17 2007, slide 3

²³⁷ Appendix 7 - Articles from Frederikssund Avis

²³⁸ Malhotra, Naresh K. & Birks, David F (2003), p. 394

9. QUANTITATIVE ANALYSIS

The following analysis takes its point of departure in a re-evaluation of the conceptual model (figure 12) in order to create the WLN Model of Reader Loyalty, based on the gathered empirical data.

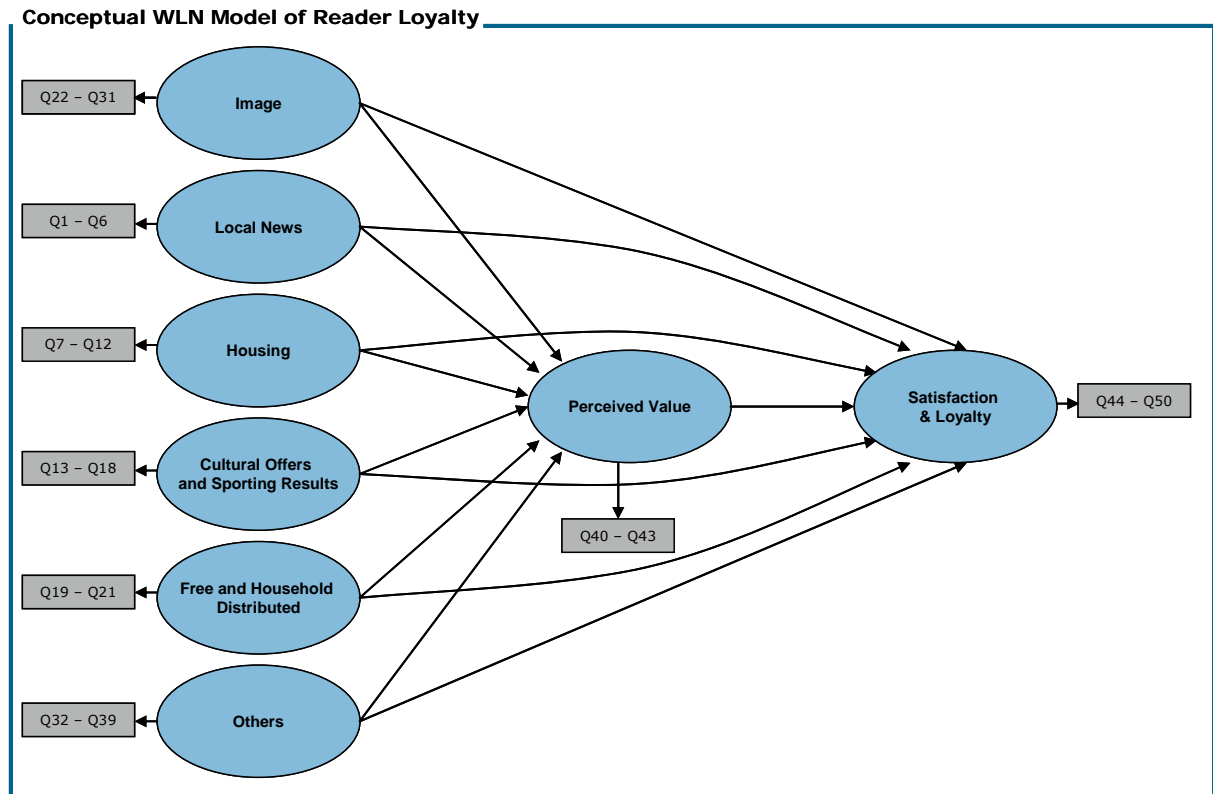


Figure 12

To evaluate the assumed relationships between the variables, a factor analysis is conducted. Hereafter, a reliability analysis is carried out to evaluate the reliability of the latent variables derived from the factor analysis. This provides the foundation for proceeding with the estimation of the model through the statistical method called Partial Least Squares (PLS), which is a technique within Structural Equation Modelling.

The following analysis consists of three parts; data preparation including factor- and reliability analysis, estimation of the model through PLS, and validation of the model.

Before conducting the analysis, the respondents' answers to the questionnaire are converted from the 7-point scale into **index figures**. The index figures make the results independent of the scale applied in the questionnaire. The index figures range from 0, which is the worst score to 100, which is the best.

1-7 Scale	Index
1	0
2	17
3	33
4	50
5	67
6	83
7	100

Table 10

9.1. Data Cleaning Process

Before the data can be used as the foundation for the analysis, some data cleaning has to take place. The data cleaning concerns checking for consistencies and the handling of missing values. The following analysis is conducted in SPSS.²³⁹

All the answers to the questionnaire were imported from defgo.net (the program used to set up the questionnaire and conduct the survey) and into Excel. Hereafter, the data cleaning process began. 578 respondents have answered the questionnaire. However, if a respondent did not answer the majority of the questions that respondent was excluded from the analysis. 475 respondents formed the basis of the data analysis for the generic model. The number of respondents is close to the aim for the sample size. It is therefore evaluated as a satisfactory amount, which is sufficient for the data analysis.

Frequencies are characterized as an initial check that there is distribution in the responses.²⁴⁰ From the frequencies, it was evident that the answers slightly lead in a positive direction and it was also proven that the respondents were able to utilize the complete 7-point scale. This indicated that the respondents had an understanding of the entire scale and that there was a sufficient variation in the answers.²⁴¹

9.1.1. Missing Values

Missing values can indicate that the respondents had a difficult time answering the posed questions. Missing values can be a problem if they represent more than 10%.²⁴² In order to compensate for the missing values, it is possible to provide estimates for the missing data before analyzing the dataset. This approach is called **mean value substitution** and is used to replace the missing value by the mean of the other valid responses to that specific question. Mean value substitution can cause problems, though, and should be

²³⁹ Appendix M (disc) Output from SPSS (Generic Model)

²⁴⁰ Johnson, Michael D. & Gustafsson, Anders (2000), p. 109

²⁴¹ Ibid.

²⁴² Malhotra, Naresh K. & Birks, David F (2003), p. 431

utilized with caution. This is because the approach assumes that the respondent who has not answered the question is of the same opinion as the average remaining respondents.²⁴³ However, applying this method ensures that the sample size is not drastically reduced, which is why it is chosen to use mean value substitution in some cases.

Q₇, Q₉, Q₁₁, Q₁₂, Q₁₅, Q₁₆, Q₃₁, Q₃₇, Q₃₈, and Q₅₀ go through a mean value substitution due to minor missing values.²⁴⁴

The following questions are **excluded** due to higher missing values:

Q₂ and Q₃ concern *local news* including the amount of letters to the editor and the information from the police report. The exclusion of these two questions must indicate that the respondents do not notice the amount of letters to the editor and the information from the police report or at least that they do not have a specific opinion about it. This can indicate that Q₂ and Q₃ are not suitable questions for further use in development of the model, and that these attributes are not highly influential or important to the readers, concerning their influence on loyalty.

Q₈ and Q₁₀ concern the variable *housing* including the articles about housing and interior decoration. The exclusion of these two questions indicates that many respondents do not have an opinion about *housing* or maybe that they do not have articles about the subject in their WLN. These questions are removed, since a generic model is developed and if the subject is not present in all WLNs it is not optimal to use it in the generic model.

Q₂₀ concerns *distribution* and whether the paper is distributed on the publishing day or not. The high missing value in this question is most likely due to a lack of interest from the readers. They are most likely not aware of the distribution day or maybe they take household distribution for granted.

Q₂₆ and Q₂₇ concern *image*. The high missing values are probably due to the respondents not understanding the questions fully or that the respondents are not aware of the WLN's *image* and thereby do not have an opinion about it.

Q₃₂ is posed in the variable *others* and concerns whether the paper has a suitable amount of job advertisements or not. There are not many job advertisements in an

²⁴³ Johnson, Michael D. & Gustafsson, Anders (2000), p. 110

²⁴⁴ Appendix M (disc) Output from SPSS (Generic Model)

average WLN, the quality varies, and the amount might be difficult for the respondents to relate to. Therefore it is excluded for further data analysis.

Q₃₄ is also a measurement variable for *others* and concerns the amount of "Names" in the paper. Either the WLN in the respondent's area does not include "Names" or the respondent does not care about it. It could also be that the question includes too many different aspects and therefore the respondents have had difficulties answering the questions.

In relation to the above mentioned factors, it is also decided to completely eliminate Q₂₅, Q₂₉, Q₃₅, and Q₃₆, which had very high missing values.

The very high percentages of missing values must be an indication of the fact that issues within *image* and *car* and *garden* are not as important as first initiated. The readers might also have a difficult time relating to *car* and *garden* because their WLN does not contain information about these subjects. It could indicate that people mostly discuss the information and topics of the paper but do not speak about actually reading the WLN, which is what Q₂₅ and Q₂₉ concern. Another reason why the respondents have not answered can be because the questions might be stated unclearly.

9.2. Factor Analysis

The conducted quantitative research contributed with 475 answers to the questionnaire, 38% male respondents, 62% female, with the majority of people above the age of 30 years, which represents the average reader of WLNs well.²⁴⁵ It investigated the 50 measurement variables after which the underlying relationships should be able to be determined. In practice, this will be done by applying an explorative factor analysis, which will identify the underlying factors and explain the relationships between the variables. On the basis of the factor analysis, a smaller number of factors can be listed.²⁴⁶ It is recommendable to create a manageable model with as few questions as possible, but with as high a coefficient of determination as possible. There are three main steps in conducting a factor analysis.

9.2.1. First Step

The first step is to determine the suitability of the data for factor analysis.²⁴⁷ There are certain conditions and prerequisites, which must be fulfilled for a factor analysis to be applied. One essential condition is applying an appropriate sample size. This issue has

²⁴⁵ <http://www.delokaleugeaviser.dk/sw/frontend/show.asp?parent=71658&layout=2#age> 27 December 2006

²⁴⁶ Malhotra, Naresh K. & Birks, David F (2003), p. 573

²⁴⁷ Pallant, Julie (2001), p. 152

been dealt with in section 8.2., which showed that the sample size is appropriate to use in a factor analysis.

Two measurements for suitability in a factor analysis are Bartlett's Test of Sphericity and the Kaiser-Meyer Olkin (KMO) measurement.²⁴⁸

Bartlett's Test of Sphericity should be significant ($p < 0.05$) for the factor analysis to be considered appropriate, which is the case for this model.²⁴⁹

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy should also be determined. The KMO index ranges from 0 to 1, with 0.6 suggested as the minimum value for a good factor analysis.²⁵⁰ KMO is 0.941, which more than fulfills the criteria.

9.2.2. Second Step

The second step in a factor analysis is factor extraction, which determines the smallest number of factors that can be used to best represent the relationships among the set of variables. In the factor analysis, the factors are estimated with the principal component analysis, since the purpose is to determine the minimum number of factors, which can account for a large portion of the variance in the set of data.²⁵¹ KMO's criterion is used to assist in the decision concerning the number of factors to retain for the analysis. According to KMO's criterion, only factors with an **eigenvalue** ≥ 1.0 should be retained. The eigenvalue of a factor represents the amount of the total variance explained by that factor.²⁵² It is evident from the table Total Variance Explained²⁵³ that six variables fulfill this criterion. These six variables explain 70% of the variance, which is recommended to be $>60\%$,²⁵⁴ which shows that the variance for the model is good.

9.2.3. Third Step

The third step in a factor analysis is to interpret the factors. To assist with this process, a factor rotation is conducted. For the purpose of minimizing the number of variables with high loadings on each factor, a technique called Varimax rotation is applied, which is the most commonly used rotation technique.²⁵⁵

Communality is the sum of variance a variable has in common with all the other variables. Communality is suitable when the concern is to identify the underlying

²⁴⁸ Appendix L (disc) Lecture notes from Markedsanalyse, Torben Hansen, lecture 17 2007, pp. 3-4

²⁴⁹ Pallant, Julie (2001), p. 153

²⁵⁰ Ibid.

²⁵¹ Appendix L (disc) Lecture notes from Markedsanalyse, Torben Hansen, lecture 17 2007, p. 5

²⁵² Pallant, Julie (2001), p. 154

²⁵³ Appendix 8 - Total Variance Explained (Generic Model)

²⁵⁴ Appendix L (disc) Lecture notes from Markedsanalyse, Torben Hansen, lecture 17 2007, p. 6

²⁵⁵ Pallant, Julie (2001), p. 154-155

dimensions of the model.²⁵⁶ It is recommended that communalities are above 0.5. Q₃₈, Q₃₉, Q₂₂, Q₃₁, Q₁₉, Q₂₁, and Q₂₄ are excluded due to communalities below 0.5.

The above leads to the variable *free and household distributed* being excluded from the WLN Model of Reader Loyalty. Firstly due to very high missing values and lastly due to communalities below 0.5. It was expected that the Q₂₁ (price) was difficult to determine, since it is difficult for the readers to relate to price, when the WLN has always been free of charge for many years. Furthermore, it was also realized that Q₁₉ and Q₂₀ was not posed correctly in order to receive the wanted answers, regarding if the readers found the household distribution important. The questions should have been asked differently. This could e.g. be done by asking if the readers would pick up the paper themselves, in a store, if it was not distributed to the household. In future research it is recommended to include the *free and household distributed* variable, with improved questions, since it is a noteworthy feature of the WLN media and is assumed to be a driver of loyalty with the right questions asked.

The analysis was carried out and it divided the data into six components, which among others supported the merging of satisfaction and loyalty as one variable.²⁵⁷ On the basis of the factor analysis and with the empirical findings in chapter 5 and 7 in mind, some alterations were made and variables were formed. These variables are hereafter tested in the reliability analysis.

9.3. Reliability Analysis

Through the factor analysis, the manifest variables' suitability to measure the latent variables was evaluated and an alteration of the model took place. To evaluate the model's capability of creating consistent results, the latent variables' internal consistency reliability should be estimated, which is done by using **Cronbach's Alpha** (CA).

CA is a coefficient of reliability which varies from 0 to 1. According to Malhotra, a value of 0.6 or less indicates an unsatisfactory level of internal consistency reliability.²⁵⁸

- For the driver *local news* CA is 0.819.
- The determinant *housing* has a CA of 0.817.
- In *cultural offers and sporting results* Q₁₆ is removed and the variable has a CA of 0.904.
- In *image* Q₂₃ is removed, which results in a CA of 0.789.

²⁵⁶ Malhotra, Naresh K. & Birks, David F. (2003), p. 574

²⁵⁷ Appendix 9 - Rotated Components Matrix (Generic Model)

²⁵⁸ Malhotra, Naresh K. & Birks, David F. (2003), p. 314

- In *perceived value* Q_{42} is removed and CA is 0.900.
- *Satisfaction & loyalty* has a CA of 0.930.
- *Others* has a CA of only 0.441.

Unfortunately, the low CA of *others* does not meet the demands for reliability. It is therefore assumed that *others* had too many different types of questions and that respondents had difficulties answering the questions. This is most likely due to their WLN not containing information about the specific topics. However, it is chosen to conduct a factor analysis, which only includes the measurement variables of the driver *others*. This is done because the subjects of *others* are perceived as being important and significant parts of WLN's totality. Even though not all WLN include all the aspect of *others*, this "small content" is still perceived as being important parts of the WLN as a whole news source. Hereby, it is attempted to include the variable *others* in the WLN Model of Reader Loyalty.

Firstly, a factor analysis was run without looking at missing values etc., in order to get an indication of how it would divide the eight measurement variables (Q_{32} - Q_{39}). The factor analysis divided *others* into two components, one component consisting of Q_{33} and Q_{37} and the other component consisting of the rest of the questions. The component with two questions concerns Entertainment, however, the CA was only 0.111, which implies that the reliability is far from satisfactory.

Secondly, a reliability analysis of the remaining questions was conducted and revealed a CA of 0.817. It is therefore evaluated to be justifiable to include the variable *others* in the WLN Model of Reader Loyalty. When taking a glance at the analysis it became evident that Q_{35} and Q_{36} still had much too high missing values (app. 40%) to include in the model and it would therefore not have provided a true image. Again, not all WLN have articles about cars and gardens, hence, it is a generic model and it thereby gives a more true presentation not to include variables that only some WLN have.

Finally, after the factor- and reliability analyses, 21 measurement variables were removed. This was done because they did not have communalities that were high enough, because they did not fit with the other factors in the variables, or because the question decreased the variable's CA. The seven variables and the 29 measurement variables are now ready for the model to be estimated via the Partial Least Squares technique (see figure 13).

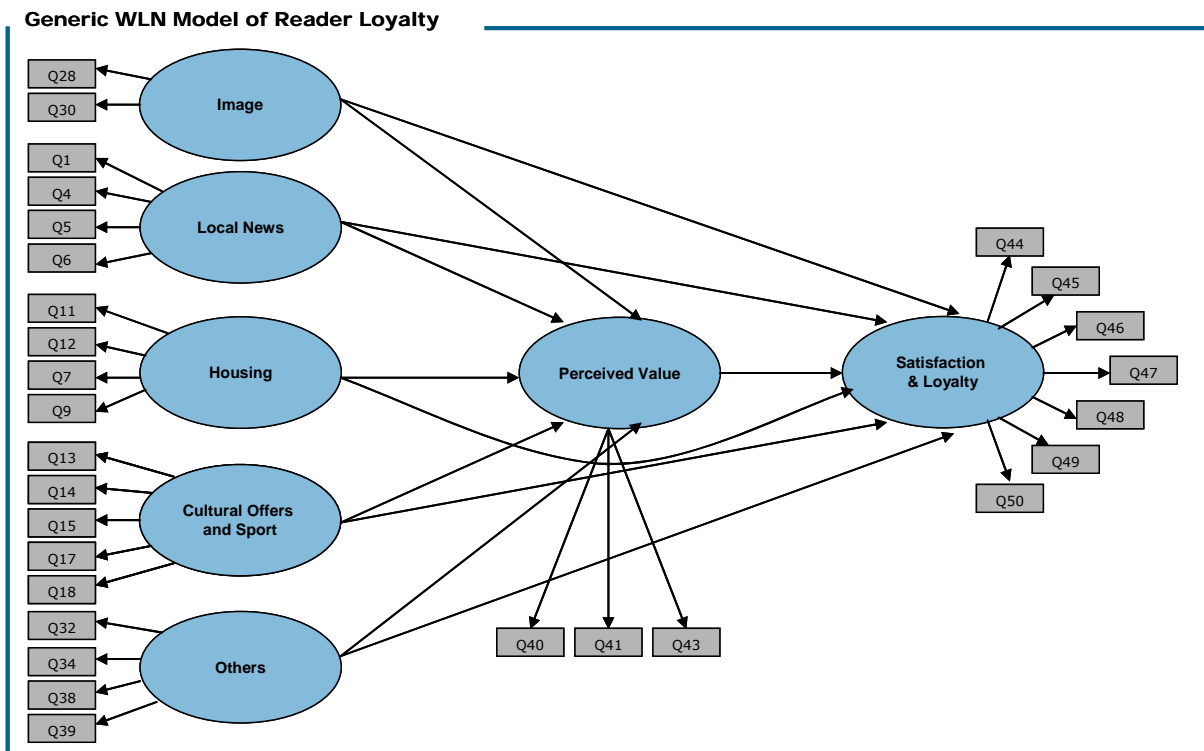


Figure 13

9.4. Model Estimation

In this analysis, a **Structural Equation Modelling** (SEM) technique is applied. SEM is a technique, which allows one to test various models concerning the interrelationships among a set of variables. The technique is based on multiple regression and factor analytic techniques.²⁵⁹ SEM is chosen based on its ability to conduct simultaneous modelling of relationships among multiple independent and dependent variables, which is the case in the WLN Model of Reader Loyalty.²⁶⁰

Partial Least Squares (PLS) is a tool within SEM. PLS is a variance-based SEM, which integrates factor analysis and multiple regression analysis.²⁶¹

PLS consists of three parts (like any other SEM); a structural part, a measurement component, and weight relations. The structural part reflects the relationships between the latent variables, whereas the measurement model shows how the latent variables and their measurement variables are related. Weight relations are used to estimate index values for the latent variables, which will be dealt with in chapter 11.²⁶²

PLS has often been used to estimate Customer Satisfaction Index models. It is extensively applied within that field of work and is mentioned as the preferred model in

²⁵⁹ Pallant, Julie (2001), pp. 91-92

²⁶⁰ Haenlein, Michael & Kaplan, Andreas M (2004), p. 284

²⁶¹ Appendix P (disc) Lecture notes from Markedsanalyse, Lars Grønholdt, lecture 23 2007, slide 13

²⁶² Haenlein, Michael & Kaplan, Andreas M. (2004), p. 290

many academic articles. Furthermore, the PLS model can be used on small sample sizes and is strong at predictive purposes.²⁶³

9.5. Model Validation

The dataset is imported into SmartPLS²⁶⁴ and seven variables are computed with the research questions identified from SPSS. The estimation is based on specific performance measurements, such as R square, CA, Average Variance Extracted (AVE), and T-values.²⁶⁵

R square should be optimized, so a high level of explanation of loyalty is present, which is essential for the validity and usability of the model. According to ECSI measurements, R square should be >0.65 .²⁶⁶ This is fulfilled by the variable *satisfaction & loyalty* with a R square of 0.78, which is a high coefficient of determination and favorable for the validity of the model. However, the R square for *perceived value* has not quite meet the requirement, but is very close with a R square of 0.59, hence, it is seen as usable. *Satisfaction & loyalty* is the aim of the model and it is therefore much more important that R square is above 0.65 for that result-variable, than it is for *perceived value*.

In SmartPLS **CA** is also estimated to show the variable's capability of creating consistent results. In all variables the CA is above the recommended 0.6²⁶⁷ and this is a very good indicator of the fact that each variable can create consistent results.

AVE should secure that the model explains more valid variance in measurement than error and should be >0.50 .²⁶⁸ Again, the variables perform well because they are all above 0.50. Hereby, the relationships between the latent variables and its indicators are high and the error is diminutive (see figure 14).

It is important that the **path coefficients** (impact scores) between the variables all are significant ($p < 0.05$), which tell that there is causal relationships between the variables.

All the **outer weights** are high meaning they are all above 0.724. An optimization should also have taken place, but since the values are so high and rather stable, there is no need to optimize further.

²⁶³ Appendix P (disc) Lecture notes from Markedsanalyse, Lars Grønholdt, lecture 23 2007, slide 12

²⁶⁴ www.smartpls.de

²⁶⁵ See the specific values of the WLN Model of Reader Loyalty in Appendix 10 - Output from SmartPLS (Generic Model)

²⁶⁶ Kristensen, Kai et al. (2000), p. 57

²⁶⁷ Malhotra, Naresh K. & Birks, David F. (2003), p. 314

²⁶⁸ Fornell, Claes (1992), p. 15

It is now evident in SmartPLS that AVE and CA is still not high enough with the four questions remaining in the variable *others*, therefore the question with the lowest outer-weight (Q_{32}) is removed. Q_{32} concerns job advertisement and it is a very small area for most WLN and it can easily be defended that this is also removed.

The variable *others* is then left with three measurement variables (Q_{34} , Q_{38} and Q_{39}) and they all concern topics of generic character (*Names, offers and layout*).

Others is now a part of the WLN Model of Reader Loyalty, represented by subjects that are generic for the industry, with a CA of 0.614.

It should be kept in mind that if a specific WLN has emphasis on one or more of the removed subjects in *others* should anyhow include them in order to test their ability to contribute to loyalty.

Generic WLN Model of Reader Loyalty

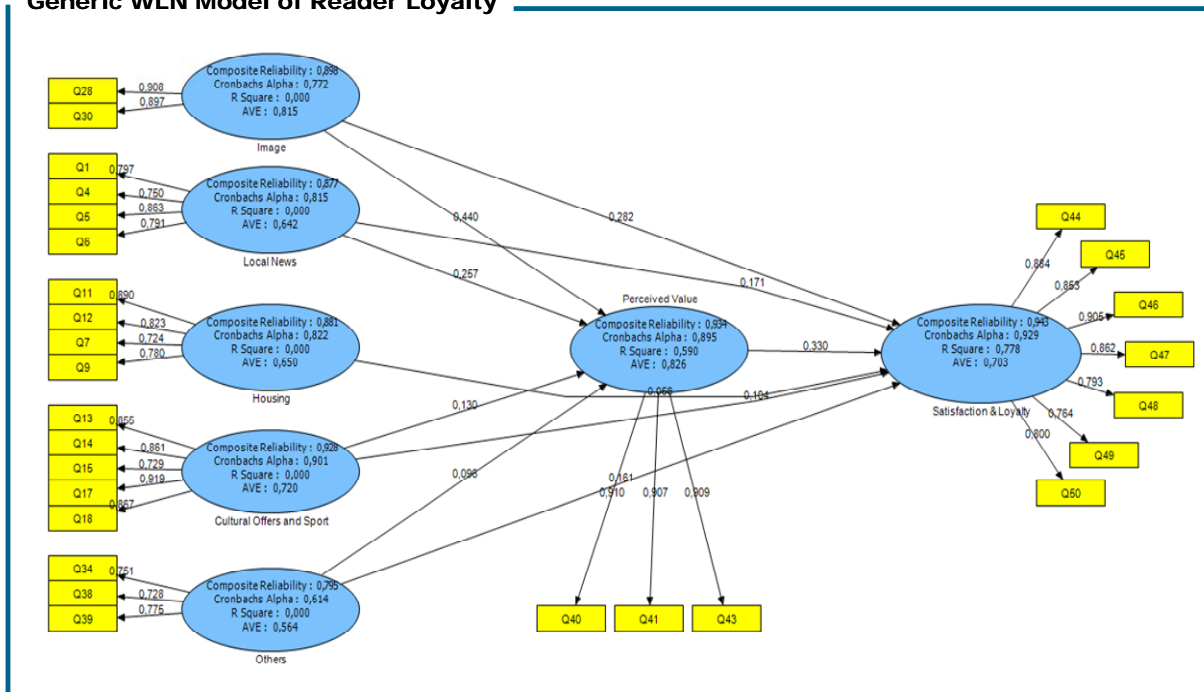


Figure 14 - Source: Output from SmartPLS²⁶⁹

The **T-values** should be >1.65 with $p < 0.05$ in order to show significance.²⁷⁰ This points to that there, with at least 95% certainty, is a significant relationship between two variables.

The relationship between *housing* and *perceived value* is -0.087 . A t-test is conducted and it is now known that this path is insignificant. Therefore this path is removed. The t-test was conducted again and it showed that all the path coefficients were well above 1.65 ranging from 1.657 to 6.679 as the highest.

²⁶⁹ Appendix 10 - Output from SmartPLS (Generic Model)

²⁷⁰ Sirdeshmukh, D. (2002), p. 26

9.5.1. Hypotheses Confirmation or Rejection

In relation to the estimated WLN Model of Reader Loyalty the hypotheses for each variable will hereby be evaluated. In table 11 below, it is illustrated if the posed hypotheses are confirmed or rejected. A review of the results is put forward and an assessment of these presented below.

Hypothesis	Relationship	Result	Impact scores*	T-value	Total effects
H ₁	Image → Perceived Value	Confirmed	0.445	6.679	0.445
H ₂	Image → Satisfaction**	Confirmed	0.305	5.702	0.449
H ₃	Image → Loyalty**	Confirmed	0.305	5.702	0.449
H ₄	Perceived Value → Satisfaction**	Confirmed	0.326	5.166	0.326
H ₅	Perceived Value → Loyalty**	Confirmed	0.326	5.166	0.326
H ₆	Housing → Perceived Value	Rejected	-	-	-
H ₇	Housing → Satisfaction & Loyalty	Confirmed	0.054	1.657	0.054
H ₈	Local News → Perceived Value	Confirmed	0.261	4.008	0.261
H ₉	Local News → Satisfaction & Loyalty	Confirmed	0.160	3.195	0.245
H ₁₀	Cultural Offers and Sporting Results → Perceived Value	Confirmed	0.125	2.108	0.125
H ₁₁	Cultural Offers and Sports Results → Satisfaction & Loyalty	Confirmed	0.091	2.106	0.132
H ₁₂	Free and Household Distributed → Perceived Value	Rejected	-	-	-
H ₁₃	Free and Household Distributed → Satisfaction & Loyalty	Rejected	-	-	-
H ₁₄	Others → Perceived Value	Confirmed	0.095	1.689	0.095
H ₁₅	Others → Satisfaction & Loyalty	Confirmed	0.159	3.578	0.190

Table 11

*Significant (p<0.05)

** Satisfaction and Loyalty are merged to one variable, and therefore the hypotheses are tested for the relationship with one variable, hence the results are identical.

For the variable *image* **H₁**, **H₂**, and **H₃** are confirmed to have high impact scores and t-values. Based on the structural model it is shown that the relationships between *image* and *perceived value* (6.679) and *image* and *satisfaction & loyalty* (5.702) are significant.

Image is the variable, which has the largest documented effect. *Image* has a total effect of 0.449, which indicates that *image* is the most important driver of *satisfaction & loyalty* and is therefore essential to focus on. The result is in accordance with the prior empirical reviews in section 5.2.1.1.2., where it is documented that *image* is a significant factor when it concerns the creation of *satisfaction & loyalty*.

H₄ and H₅ concern the variable *perceived value* and were among others posed because the ECSI model indicates a relationship between *perceived value* and *satisfaction & loyalty*. Through the quantitative analysis, it is likewise documented that there is a significant relationship between *perceived value* and *satisfaction & loyalty*, with an impact score of 0.326 and a t-value of 5.166. If e.g. *perceived value* was improved with 1, the *satisfaction & loyalty* would be improved by 0.326. H₄ and H₅ are hereby confirmed.

Housing is connected to **H₆ and H₇**. The relationship between *housing* and *perceived value* is insignificant and H₆ is rejected. This points to that the WLN readers do not feel that *housing* contributes value. Not said, however, that no value is ever gained from the housing pages in the WLN but that the relationship is not significant. However, H₇ is confirmed and shows that there is positive relationship between *housing* and *satisfaction & loyalty*. The total effect is 0.054 and the t-value amounts to 1.657.

In section 7.2.2. it was shown, on the basis of WLN studies, that *housing* is important for the readers. It was therefore expected to have a higher impact on *satisfaction & loyalty*. The scores might be low due to lack of interest for the subject *housing* or because the questions might have been posed unsatisfactory.

H₈ and H₉ concern *local news* and are both confirmed. H₈ has an impact score of 0.261 and a t-value of 4.008, which show a significant relationship. H₉ has an impact score of 0.160 and a t-value of 3.195, which is also significant. As predicted, *local news* is an important driver for WLN, since the paper is based on the news of the community as discussed in section 7.1. The total effects for *local news* are 0.245, which indicate that *local news* is an important driver and is therefore important to focus on for WLN.

In connection to *cultural offers and sporting results (culture)* two hypotheses were present. **H₁₀ and H₁₁** are confirmed with fair impact scores and t-values. The relationship between *culture*, *perceived value*, and *satisfaction & loyalty* is significant and as expected the culture pages of the WLN are important for retaining loyal readers. The total effects for culture are 0.132, which is fairly good but the second lowest for the model.

The variable *free and household distributed* (**H₁₂** and **H₁₃**) is totally removed, as mentioned in section 9.2.3., due to CA being too low and because communalities for two of the measurement variables were below 0.5. However, the subject was initially found interesting especially in connection to the possibility of paying for the WLN in the future and in relation to the importance of the readers getting the WLN distributed to the door. It is now obvious that *free and household distributed*, as the questions were posed here, has no documented effect on *satisfaction & loyalty*. However, it is recommended to include a similar variable with modified questions in future research, to further test its importance.

The variable *others* (**H₁₄** and **H₁₅**) was a variable consisting of eight measurement variables. Each had a different subject and each was chosen in order to determine how “the small factors” of the paper influence *satisfaction & loyalty*. Most of the factors were identified through the focus groups but also through research done by POLA. The fact that each factor in *others* had different themes can indicate that the questions can not function optimally in one variable and provide positive relationships. Therefore only the three questions of generic character are included in the model (Q₃₄, Q₃₈ and Q₃₉). The total effect from *others* to *satisfaction & loyalty* is 0.190 and the relationship is significant.

The results had been different if each measurement variable of *others* was made into a latent variable and estimated individually. However, it was initially not chosen to do so because it was assumed that the themes were too specific to have their own variable and the model would have been too complex. These considerations should be kept in mind for further development of the model.

Figure 15 is the final outlook of the WLN Model of Reader Loyalty.

Final WLN Model of Reader Loyalty

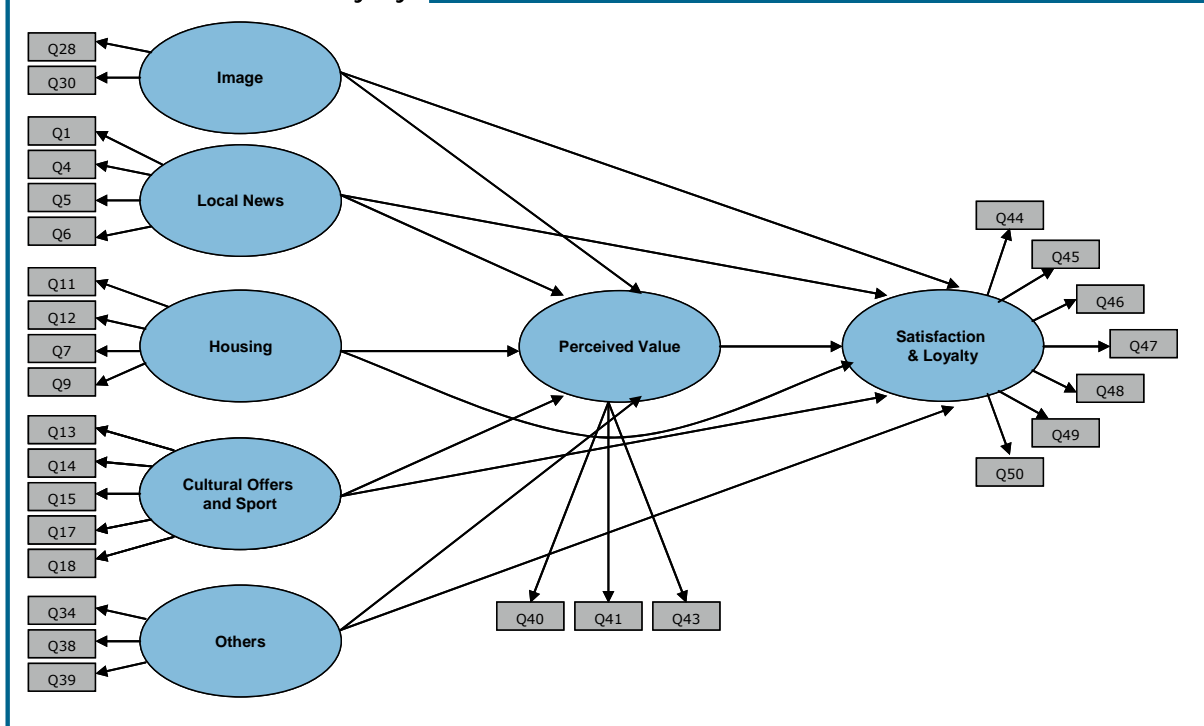


Figure 15

9.7. Implications of the Results

The final appearance of the WLN Model of Reader Loyalty (figure 15) has been influenced by empirical research and the choices made during the above described estimation process. It cannot be neglected that the model could have had a slightly different appearance if other choices had been made along the way. However, the final model is assumed to be a valid and representative model for the WLN industry, since the decisions have been based upon quantitative and qualitative research, as well as qualitative evaluations.

The frame of reference had its point of departure in the ECSI model, which divides satisfaction and loyalty into two variables. However, the merging of satisfaction and loyalty, compared to the basic ECSI, have contributed to the conceptual model with a more simple and foreseeable structure. The point of departure in developing the model was that many people are loyal readers, and that it was the reasons and the drivers of this loyalty it was sought to investigate. However, bringing satisfaction into the equation was a necessity, since it was assumed that loyal readers are also somewhat satisfied. Nevertheless, providing a separate measure of satisfaction was not the issue in this case, since satisfaction is not what was being measured. However, it was important to include it in the equation since satisfaction and loyalty are closely connected, unless operating in a monopoly. According to Dr. Ned Roberto et al. loyalty is a more complex matter than

satisfaction. They argue that satisfaction is no guarantee for loyalty, whereas loyalty is a guarantee that the reader is somewhat satisfied, unless there are no other competitors on the market.²⁷¹

Investigating the degree of loyalty, which could also be interesting, would have called for a separation of satisfaction and loyalty. Furthermore, more nuanced questions about satisfaction and how the drivers had direct influence on satisfaction and loyalty separately would have been necessary, but would have created a much more complex model.

The driver *free and household distributed* has been excluded from the model, not because it is not important for the readers, but it was found that the questions unfortunately were unsatisfactory to provide a usable result. Furthermore, it seems to be difficult for the readers to imagine that they would not receive the WLN at their doorstep, since it is a convenience they are used to. It can be difficult to imagine how one would behave and react, if this was to change in the future. It is a subject that would be interesting to examine further as would a study about how deep-felt the loyalty actually is as well as how large a part the "convenience" of the WLN actually contributes to the loyalty of the readers.

The pinnacle of the CBBE model is called *brand relationship*.²⁷² If *brand relationship* is actually achieved among the readers, they would be willing to pay for the WLN and pick it up themselves (or pay to have it distributed). When true loyalty occurs, whether it is called a *brand relationship* or being an *ambassador* (as in the Ladder of Loyalty), the readers are not price sensitive and they recommend the paper to others, without being encouraged to do so. It could be very interesting to find out, how large a part of the readers are actually *ambassadors* and how many of the readers are *loyal* (read the paper frequently) due to the convenience of the WLN. Jones and Sasser have found that, except in very rare cases, total or complete customer satisfaction is essential to secure customer loyalty. The difference between a merely satisfied customer and a completely satisfied customer is enormous, where the level of loyalty for the completely satisfied customer is much higher than that of the merely satisfied customer.²⁷³ It could be interesting to investigate the two groups (loyal due to convenience vs. ambassadors) further to establish how more people could be moved up the Ladder of Loyalty, from "just" being a loyal reader or *regular customer* to actually becoming an *ambassador*, and thereby becoming a more valuable asset for the WLN.

²⁷¹ Roberto, Dr. Ned & Roberto, Ardy (2006), pp. B2-4

²⁷² Keller, Kevin L. (2003), p. 99

²⁷³ Jones, Thomas O. & Sasser Jr., W. Earl (1995), p. 89

The variable *image* consists of only two questions in the generic model, which is due to the process of developing the model and the way the questions were posed. It is an advantage that a variable can be described using only two questions. It cannot be denied that some of the questions, which are excluded, could have provided a broader picture of the variable. However, it seems like *image* is an issue, which is important for the readers, but also somewhat blurred and difficult to understand, which has resulted in e.g. high missing values. It can also be the case that the questions have been posed in a context, where the other variables have concerned more specific and tangible issues, but where *image* is in a more superior category and therefore difficult to define. This could be the reason why the readers have had some difficulties answering the questions concerning *image*. Nevertheless, the questions which were properly answered showed a clear tendency that *image* is important to the readers and that the WLN have not had enough focus on this area. It makes good sense, since (as mentioned in the *image* section in chapter 5) *image* is not the first thing that comes to mind when thinking of WLN. As some of the respondents mentioned in the focus groups, WLN are often perceived as an old-fashioned media, but it is of great importance that it makes readers capable of participating in the general "talk of the town". This view is heavily supported by Head of Development at POLA; Lone Søndergaard, who mentions that the unique selling proposition of WLN is their position as being the local turning point, and generating talk about local matters across a variety of people with that one thing in common that they all have a connection to the local area.²⁷⁴

In the WLN Model of Reader Loyalty, it is evident that *housing* does not have a significant impact on *perceived value*. It contributes to the overall satisfaction & loyalty, but is not evaluated as providing readers with valuable information about the local area. This outlook can be influenced by the fact that many people had difficulties answering the questions about this subject, and it has therefore been difficult to measure, since it only interests a limited amount of the readers. It is found that some WLN do not bring articles on housing-issues, but only have the *housing* supplement with adverts, which mostly interest the limited part of the readers who are in the market for buying or selling a home. It seems like curiosity about prices and "who are moving" is not as important as first anticipated. Therefore, those who are not in the market for buying or selling a home, have had difficulties expressing a clear opinion about the matter.

With a starting point in the conceptual model, the presumed relationships in the generic model have now been estimated and the implications have been evaluated. The following chapter concerns the Frederikssund Avis case study.

²⁷⁴ Appendix 12 - E-mail correspondence with Lone Søndergaard, 10 May 2007

10. CASE STUDY - FREDERIKSSUND AVIS

With a starting point in the generic WLN Model of Reader Loyalty, a case study is conducted using Frederikssund Avis to test the model. The process is the same as just presented for the generic model.

The WLN Frederikssund Avis is published twice a week and mainly covers the cities Jægerspris, Skibby, Slangerup, and Frederikssund. Frederikssund municipality exists of 44,000 inhabitants and is located in northern Zealand right by Roskilde inlet. Frederikssund Avis is published by Frederikssund Mediacenter and is owned by POLA. The paper's circulation is 31,500 issues per week. Frederikssund Avis is a partner in the local political debate and at the same time a provider of the local news, from minor to major news from the community. Frederikssund Avis has a direct competitor, which is the WLN called Fjordbyerne, which was launched in December 2004. The papers cover approximately the same area.²⁷⁵

137 regular readers²⁷⁶ of Frederikssund Avis have answered the questionnaire. 132 questionnaires were sufficiently answered and therefore create the foundation for further analysis. This is a rather small **sample size**, which should at all times be kept in mind when evaluating and applying the research results. However, using PLS as the tool for SEM is a great advantage in this case, since PLS can work with very small sample sizes. Furthermore, using the generic model as the foundation for the analysis of Frederikssund Avis provides 28 questions to be answered. Also according to Malhotra a sample size is satisfactory when having five times as many respondents as there are questions (measurement variables).²⁷⁷ In this case, $28 \times 5 = 140$ and thereby the sample size of 132 respondents should be almost sufficient to provide a valid result.

Using SPSS, the **frequencies** were identified. The respondents have been capable of applying the entire scale 1-7, (0-100). The variance is good for all questions, which indicates that the respondents have found the questions to be clear and relevant. Thereby they have been able to express an opinion about the subject.²⁷⁸

The 28 questions from the generic model did not have high **missing values** and none were excluded on that basis. However, four questions (Q₇, Q₉, Q₁₂, and Q₁₅) had missing values in the mid-range. It was chosen to apply mean value substitution on these

²⁷⁵ www.frederikssundavis.dk 20 April 2007, Teknisk info, Dækningsområde and De trykte medier

²⁷⁶ People who read the WLN at least once a month

²⁷⁷ Malhotra, Naresh K. & Birks, David F. (2003), p. 575

²⁷⁸ Johnson, Michael D. & Gustafsson, Anders (2000), p. 109

questions, due to the already rather small sample size and to the fact that these questions were found to be relevant.

An explorative **factor analysis** was conducted, which showed that **Bartlett's Test of Sphericity** was significant ($p < 0.05$) and **KMO** was 0.859, hence it was appropriate to apply the factor analysis.

Six variables, all with an eigenvalue ≥ 1.0 , were deducted. They explain 75% of the variance, which is more than satisfactory. **Reliability analyses** were conducted on all six variables, making it evident that they were all reliable with a **CA** ranging from 0.713 to 0.904.

Conducting **Structural Equation Modelling** using **Partial Least Squares** (in the program; SmartPLS) made it evident that some alterations, compared to the generic model, were necessary.

T-tests showed that the relationships between *housing* and *perceived value* and *housing* and *satisfaction & loyalty* were not significant enough (below 1.65). *Housing* might be influential on *satisfaction & loyalty* but not enough to be significant (0.253 in the t-tests). Thereby the variable *housing* was excluded from the Frederikssund model. This shows that there were not enough certainty in the relation between *housing* and *satisfaction & loyalty*. *Housing* is simply not that important for the reader loyalty of Frederikssund Avis, this is most likely due to the fact that Frederikssund Avis does not devote much attention to articles on the subject. It is therefore assumed that the content about *housing* only speaks to readers who are actually in the market for buying/selling a house and thereby not relevant for the rest of the readers.

The t-test furthermore elucidated that the relationship between *cultural offers and sport* and *perceived value* is not significant, and the same situation applies for *others*.

This indicates that *others* and *cultural offers and sport* do not provide the readers with value. It does, however, make them satisfied that the content is in Frederikssund Avis and it makes them loyal readers.

Q_{15} is removed from *culture*, because it made the variable more reliable.

Image has a significant impact on perceived value, however, the readers do not directly become satisfied and loyal by that factor. The satisfaction and loyalty, which *image* derives is caused by the perceived values influence on *satisfaction & loyalty*.

Lastly Q₄₉ was also removed from the variable satisfaction & loyalty, because it provided a higher R square and AVE. It was removed because it had the lowest influence on the variable and when Q₄₉ was removed the values met the significance requirements.

There are now 22 questions remaining in the model for Frederikssund Avis, which is evident from figure 16.

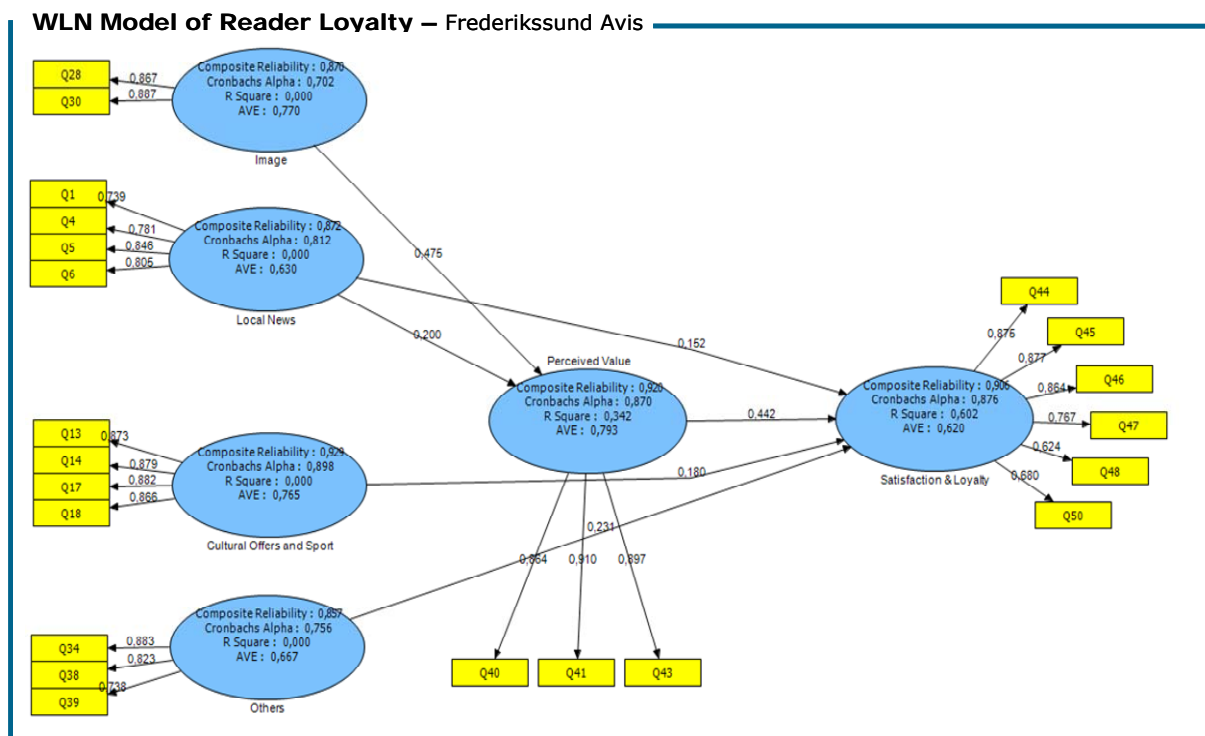


Figure 16 - Source: Output from SmartPLS²⁷⁹

The above is the validated model, where all variables have an **Average Variance Extracted** >0.50 and **CA** above 0.70. **R square** is 0.342 for *perceived value*, which is not as high as expected. However, in this case it is *satisfaction & loyalty*, which is the “goal” of the research. R square is 0.602 for *satisfaction & loyalty*, which is satisfactory. This means that the model explains 60.2% of the readers’ satisfaction with, and loyalty towards, Frederikssund Avis. This provides a solid foundation for suggestions as to where Frederikssund Avis should focus their product development and marketing effort, in order to achieve and retain loyal readers.

During the analysis the posed hypotheses for the generic model were tested in the context of Frederikssund Avis. The rejection or confirmation of the hypotheses are seen in table 12.

²⁷⁹ Appendix 11 - Output from Smart PLS (Frederikssund Avis Model)

Hypothesis	Relationship	Result	Impact scores*	t-value	Total effect
H ₁	Image → Perceived Value	Confirmed	0.468	4.138	0.468
H ₂	Image → Satisfaction**	Rejected	-	-	0.218
H ₃	Image → Loyalty**	Rejected	-	-	0.218
H ₄	Perceived Value → Satisfaction**	Confirmed	0.466	3.710	0.467
H ₅	Perceived Value → Loyalty**	Confirmed	0.466	3.710	0.467
H ₆	Housing → Perceived Value	Rejected	-	-	-
H ₇	Housing → Satisfaction & Loyalty	Rejected	-	-	-
H ₈	Local News → Perceived Value	Confirmed	0.221	1.933	0.221
H ₉	Local News → Satisfaction & Loyalty	Confirmed	0.087	1.728	0.190
H ₁₀	Cultural Offers and Sporting Results → Perceived Value	Rejected	-	-	-
H ₁₁	Cultural Offers and Sports Results → Satisfaction & Loyalty	Confirmed	0.214	1.733	0.214
H ₁₂	Free and Household Distributed → Perceived Value	Rejected	-	-	-
H ₁₃	Free and Household Distributed → Satisfaction & Loyalty	Rejected	-	-	-
H ₁₄	Others → Perceived Value	Rejected	-	-	-
H ₁₅	Others → Satisfaction & Loyalty	Confirmed	0.215	2.508	0.215

Table 12

*With a significance $p < 0.05$

** Satisfaction and Loyalty are merged to one variable, and therefore the hypotheses are tested for the relationship with one variable, hence the results are identical.

The **Path Coefficients** (impact scores) in table 12 above show that *local news* does have a direct effect on *satisfaction & loyalty* and it contributes to the perceived value as well. It can hereby be concluded that *local news* actually provides some value to the readers and through this also diverts some satisfaction and loyalty. It was anticipated that *local news* would be one of the main drivers of *satisfaction & loyalty*, however, this is disproved in the case study and it has a total effect at an average level. This will be commented further on in the recommendations chapter (11).

Image only has a relation to *perceived value* but there is no direct relation to *satisfaction & loyalty*. This is most likely due to the fact that *image* does not directly make the Frederikssund readers loyal but it gives some value, by Frederikssund Avis e.g. having a

good reputation and being active in the local community. In relation to the generic model a relationship from *image* to *satisfaction & loyalty* was also present but for readers in the Frederikssund area it does not have a direct effect. These findings are supported by Martensen et al. (2000) who found that *image's* impact on *satisfaction & loyalty* varies from study to study. *Image* has the highest impact score on *perceived value*. Prior to this research, *image* has often been found to have a significant impact on *satisfaction & loyalty* in other Customer Satisfaction studies.²⁸⁰ This fits well with the results from the generic research, even though the WLN industry distinguishes itself from other types of researched industries. Some differences could have occurred due to WLN's being free products and thereby *image* and *perceived value* do not concern the price you pay for the product in this case.

Perceived value has the largest total effect on *satisfaction & loyalty*, which is expected. It makes sense that readers are more satisfied with and loyal towards a product that they feel provides them with a value. This is supported by the empirical research presented in section 5.2.1.5.

Cultural offers and sport does not show a significant impact on *perceived value*, but has a direct effect on *satisfaction & loyalty*, with a 0.214 impact score (and total effect). This can be due to the informative nature of this driver Frederikssund Avis do not have many long and detailed articles about this matter but only publish information about when and where the cultural offers take place. Articles with a more journalistic angle could provide more value to the readers, as well as stories and pictures of e.g. local participants in cultural and sporting events. In the generic WLN Model of Reader Loyalty, this driver has a significant impact on *perceived value*, which signifies that Frederikssund Avis' culture- and sports pages distinguish themselves from the average WLN.

Others has an impact on *satisfaction & loyalty*, but no significant relationship between this variable and *perceived value* were to be found. This is not in accordance with the empirical findings presented in section 7.5.2. or the results of the generic model, which leads one to believe that the smaller sample size and the fact that the variable consist of three very different aspects, have had an influence on this result.

Frederikssund Avis views coverage of the *local news* and the fact that they are published twice a week as their core competencies, however, according to the preceding analysis Frederikssund Avis' local news are not quite the main driver of reader loyalty. Otherwise the outcome of the WLN Model of Reader Loyalty for Frederikssund Avis is supported by

²⁸⁰ Eskildsen, Jacob et al. (2004), pp. 859-868

Jacob Kaspersen (Head of Frederikssund Avis), he mentions that *others* and *image* in his knowledge has a large influence (total effect) on reader loyalty. In accordance to *image*, Jacob Kaspersen makes it evident that Frederikssund Avis is very active in the local community, by sponsoring local sport and cultural events and they are present at all major local happenings.²⁸¹ Image and the importance hereof in connection to Frederikssund Avis will be elaborated further in the priority maps in section 11.3.

In accordance with the preceding analysis, the following chapter will evaluate the results in order to determine future initiatives for the WLN industry as well as for Frederikssund Avis. From this are derived specific recommendations for both parties mentioned; the average WLN and Frederikssund Avis.

²⁸¹ Appendix 15 - E-mail correspondence with Jacob Kaspersen, Head of Frederikssund Avis, 14 May 2007

11. RECOMMENDATIONS

On the foundation of the developed generic WLN Model of Reader Loyalty, an analysis of the focus areas will be carried out, with a strategic as well as an operational perspective. In relation to the strategic perspective, the drivers that should be prioritized to achieve the largest possible effect on reader *satisfaction & loyalty* are identified. Hereafter, the operational perspective is presented, where all the drivers are individually evaluated and it is clarified how the specific questions comprised in each driver ought to be prioritized in the future improvements of WLN. In the overall evaluation of what the WLN should prioritize in order to increase satisfaction and loyalty among readers, it is chosen to utilize priority maps.

11.1. Priority Maps

Priority maps provide an overview of the factors' importance to the readers and their perceived performance at the current point in time.

By using a priority map WLN can identify where they should put their focus in order to increase reader satisfaction and loyalty.²⁸² The relationships of the WLN Model of Reader Loyalty will by the strategic priority map indicate how important the readers have found a specific driver to be and how well the WLN perform in connection to that factor. The analysis will be operationalized so the WLN, (and hereafter separately Frederikssund Avis), can focus their future actions on the factors, which will be identified in this chapter. The chapter is divided into three parts. Firstly, priority maps and recommendations for the average WLN are carried out. Secondly, the same procedure is applied to Frederikssund Avis. Lastly, a summary of the recommendations for both parties are presented.

It is chosen to use a data-centered quadrant-approach of priority maps, where the meeting points are made up of the average of performance and importance respectively, which is the most commonly used approach.²⁸³ This approach provides a well-arranged review of the target areas, but also the areas that need to be kept under supervision for

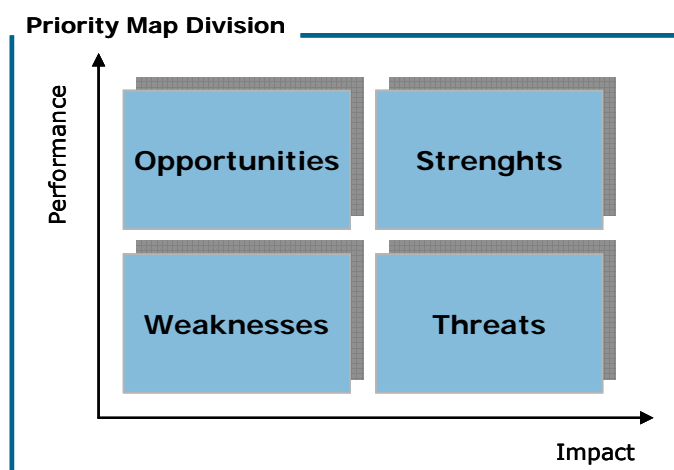


Figure 17 – Source: Martensen et al. (2001)

²⁸² Johnson, Michael D. (2000), p. 142

²⁸³ Eskildsen, Jacob K. & Kristensen, Kai (2006), p. 42

future changes in impact or performance, which will become evident with this approach.

The priority maps are divided into four quadrants²⁸⁴:

Threats: The lower right quadrant. The variable scores low on performance and high on relative importance. This should be the primary priority area, since it is essential for reader satisfaction & loyalty, but an area where the WLN(s) performs poorly. Focus should mainly be on improving the performance of the variables positioned in this area.

Strengths: The upper right quadrant. The variable scores high on performance and high on relative importance. The WLN(s) is doing well in this area, which is important for reader satisfaction & loyalty. The position of the variable should be kept under supervision and constantly adjusted, to make sure that negative changes are prevented.

Weaknesses: The lower left quadrant. The variable scores low on performance and low on relative importance. The area should be a secondary priority area in relation to implementing changes that will maintain and increase reader satisfaction & loyalty. However, the WLN(s) should put focus on improving the readers' perception and the importance of this area.

Opportunities: The upper left quadrant. The variable scores high on performance and low on relative importance. The WLN(s) is doing well in this area, but the area does not have a large effect on satisfaction & loyalty. The area should be monitored and the performance level maintained or optimized. It should be pursued to move the variable into the strengths area.

11.2. Priority Maps - WLN Model of Reader Loyalty

To determine the performance of the drivers in the model, index values are calculated and elaborated on in the section below. Subsequently, the indices will be related to the variables' total effect on *satisfaction & loyalty*.

11.2.1. Index Values

As evident in table 13 the indices are all between 58 and 69, which is a minor variance. It should be noted that more of the indices only varies 1 point, which does not account

²⁸⁴ Martensen, Anne et al. (2001), p. 953

for a significant difference and their performance is therefore evaluated as being at the same level.²⁸⁵

The index shows how well WLN's perform on a scale from 0-100 (table 13). It is difficult to make an absolute evaluation of the index because no benchmark data within this industry is available. However, a comparison of the index of the generic model and the index of Frederikssund Avis will be carried out in section 11.3.1. Generally these indices are evaluated as being average performances.

Overall, WLN's perform best on *local news*, *housing*, *cultural offers and sport*, and *others*. *Image* and *perceived value* are the two variables with the lowest indices.

Variable	Index
<i>Image</i>	58
<i>Local News</i>	69
<i>Housing</i>	68
<i>Culture</i>	68
<i>Others</i>	69
<i>Perceived Value</i>	63
<i>Satisfaction & Loyalty</i>	67

Table 13

It was expected that *satisfaction & loyalty* would have had a higher performance index due to the fact that WLN's have high readership. Approximately 78.5% read the paper regularly, (see section 2.3.), which could have indicated that WLN's would have scored very high on *satisfaction & loyalty* performance.

In relation to the drivers' effect on reader loyalty, a pie chart is conducted in order to provide an overview of the relative impact of the drivers. The pie chart shows the drivers relative effect on reader *satisfaction & loyalty* and it clearly indicates that *image* is by far the driver with the largest relative influence (see figure 18).

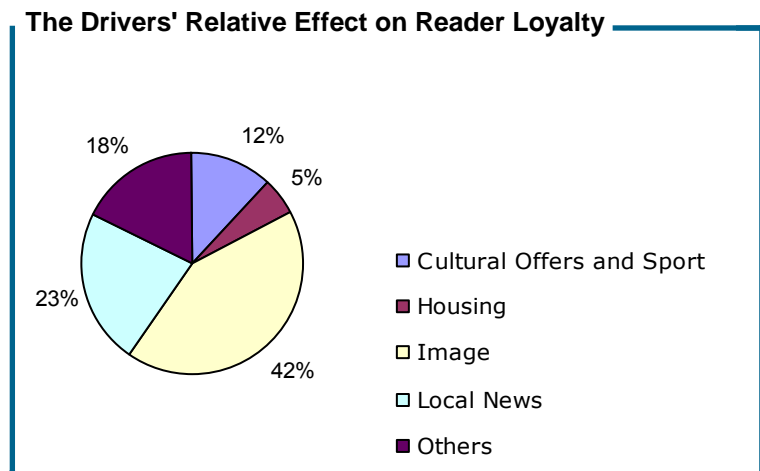


Figure 18

²⁸⁵ With a mean standard deviation of 27 and a sample size of 475 respondents, the indices should be more than 1.25 points apart in order to show a significant difference.

11.2.2. Strategic Perspective - WLN Model of Reader Loyalty

After estimating the model and calculating the indices, a generic strategic priority map can be created where total effects and performance indices for each of the five drivers are included.

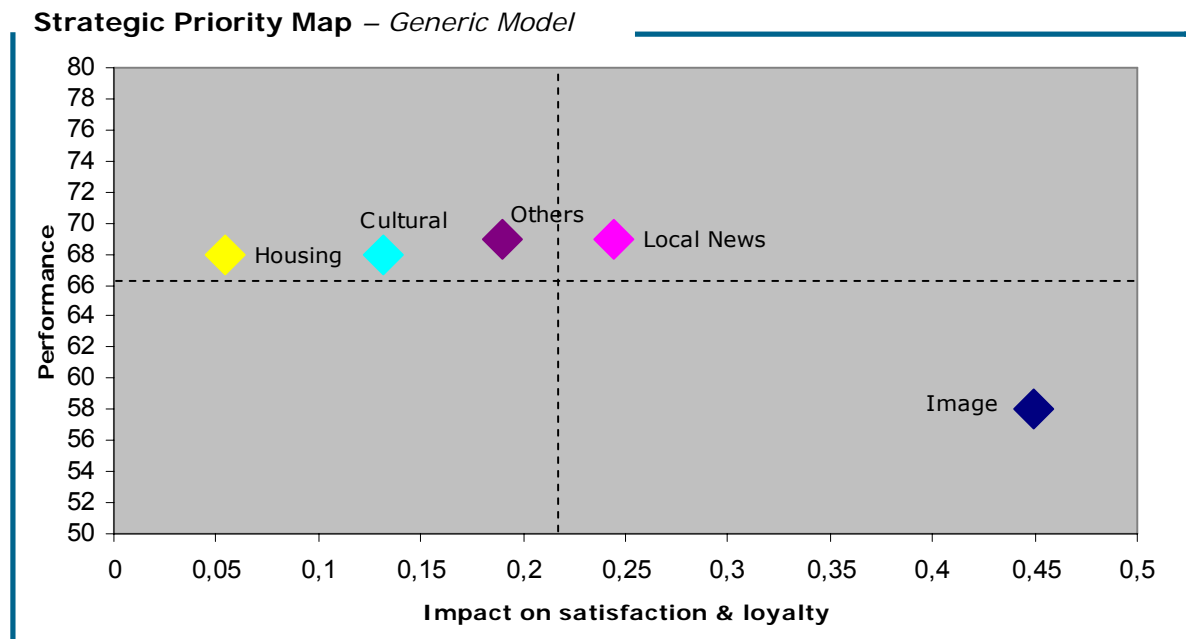


Figure 19

The generic priority map (figure 19) shows the five drivers' situation in relation to each other and signifies, which areas should be prioritized to maintain and improve reader loyalty of WLN. As shown in the priority map above, the WLN perform well, with the exception of *image*, which has scored low on performance and high on importance for *satisfaction & loyalty*. The analysis below will assist in supporting the overall strategic considerations in connection to all drivers positioned in the map.

11.2.2.1. Threats

Image is positioned in the threats quadrant, which is the area that should receive the highest priority in the industry's future strategy to achieve and maintain loyal readers. Through the development of the generic model it is evident that *image* is the most important driver of satisfaction & loyalty, but *image* does not perform well.

The two remaining measurement variables of *image* are almost equally important. It is very important to pay attention to Q_{30} since it concerns WLN's unique selling proposition, of making the readers capable of engaging in conversations about local matters in their

reference groups. This also applies across a variety of people with the one thing in common that they share a local community.

As reviewed in the empirical research, *image* has an influence on the readers' loyalty but *image* is also a difficult area to determine in connection to WLN.²⁸⁶ For most WLN *image* is not a focus area but something that is just determined by the overall reputation. WLN have the reputation of being an old type of media that "just" cover the local news. In contrast to "normal brands" the high importance of *image* is not an eye-catching feature for WLN. Therefore the WLN do, in most cases, not naturally put emphasis on *image*. It is therefore recommended that WLN improve their *image* performance for the industry as well as for the individual brands. All WLN should put emphasis on *image* and pursue an improvement of this. It is essential to focus on delivering an *image* that is well fitted to the readers.

11.2.2.2. Strengths

Local news is positioned in the strengths quadrant, which is the area that is highly positioned on both indicators and should be kept under supervision. It is important to maintain and develop the positive position in order to keep the readers loyal towards the WLN. As argued in the empirical research in section 7.1.2., *local news* was assumed to be one of the main specific building blocks for the WLN, which this priority map evidently supports. It is important for the readers that *local news* is a part of the WLN and *local news* has one of the highest indices and performs adequately. This view is supported by many of the respondents mentioning in the questionnaire that local news is important to them, and that it is vital that the WLN maintain its local outlook. The WLN are aware of the fact that *local news* is important for the readers and that is probably why *local news* performs well. Lone Søndergaard (Head of Development at POLA) supports the notion of *local news* being the core competency of WLN and a lot of attention is given to this area of competence.²⁸⁷

It is recommended that *local news* be maintained and developed over time by the WLN. Since *local news* is one of the core competencies of WLN, it is also recommendable to pursue an enhancement of the performance within this area. This is because the feature is important for the readers and with a performance index of 69 there is still room for improvement. The readers retrieve information about *local news* in order to be up-dated on local community matters and the area can be optimized by the WLN. Optimization

²⁸⁶ Appendix 12 - E-mail correspondence with Lone Søndergaard, 10 May 2007

²⁸⁷ Appendix 12 - E-mail correspondence with Lone Søndergaard, 10 May 2007

could be done by putting focus on more areas of *local news*, in order for WLN to reach the broad target audience, with all types of news aspects.

Monitoring of *local news* is needed and improvement is recommended in order to make sure that the reader loyalty of WLN is maintained and preferably increased, moving the readers up the Ladder of Loyalty.

11.2.2.3. Opportunities

Housing, as well as *cultural offers and sport (culture)*, and *others* are positioned in the opportunities quadrant.

Housing scores low on impact and is the driver with the least total effect on *satisfaction & loyalty*. Yet, it has a high performance, meaning that it is not essential for the readers, but the WLN is doing well in the *housing* area. In the empirical research it was presumed that *housing* would be important to the readers. This was mostly due to the curiosity of following the real estate market but also due to the increasing interest in house and interior decorations. However, this was proven not to be the case, since the research shows that *housing* does not have as high an impact on *satisfaction & loyalty* as first assumed. It can be due to the fact that the respondents had difficulties answering the questions correctly because they do not have e.g. articles about *housing* in their WLN.

All in all, it is recommended that the WLN seek to move *housing* from opportunities into strengths, thereby trying to change the readers' perception into finding *housing* more important. This could among others be pursued by publishing more articles on interior decoration, indoor climate, suggestions to improvements on the house. These are all aspects that concern a wide variety of the readers and not only the readers who are buying or selling a house (as it seems to be the case with housing adverts).

Even though the driver does not seem to be important to readers, it is not recommended to completely neglect the area, since a lot of the advertising money comes from the housing adverts. Of course, further research on the readers' interests within this area should be conducted prior to an enhanced effort within the driver *housing*.

Culture has the same performance index as *housing* and is very close to *local news* and *others*. Only 1 point separates them, which is not a significant difference. However, *culture* does not have a large impact on *satisfaction & loyalty*. The same applies for *culture* as it did for *housing*; the WLN is good at providing *culture*, but at the importance

level it is below average. Once again, the relative level of importance is lower than anticipated in the empirical research section 7.3.2. Both culture and sport was assumed to be of great interest to the readers and would contribute heavily to the *satisfaction & loyalty* of the readers. However, the priority maps demonstrated that the contribution was not as heavy as expected. This result can be caused by the fact that not all WLN contain information about sports, which then affect the overall result of the survey. When conducting future research within this area, it might be an idea to split these two areas up, in order to fit the model even better to the individualities of the WLN.

It is recommended that the WLN try to influence the readers' perception of the *culture* content in order to score higher on impact and move *culture* into the strengths area, since it is an area where they do perform well after all.

The driver *others* is likewise placed in the opportunities quadrant and should thereby not have the highest priority in the optimization of WLN. However, this area should not be neglected, since it possesses great opportunities for a future increase in *satisfaction & loyalty*, if the matter is dealt with wisely. *Others* has a performance index of 69, which is the same for *local news*. Thereby the readers have evaluated the WLN to do equally well in these two areas. However, the total effect of *others* on *satisfaction & loyalty* is 0.190, which is less than *image* and *local news*, but more than *cultural offers and sport* and *housing*. These values place *others* as an opportunity, but very close to becoming a strength. It should therefore be pursued to influence the readers' perception of *others* importance and maybe create some features within this area, which can enhance loyalty.

It should be noted that this variable is widespread in the sense that it contains many different aspects. When conducting research and developing analyses of individual WLN the content of *others* should be fitted to match the WLN in question. E.g. some WLN contain entertainment pages with cross-word puzzles, Soduko etc. Others have a tv-guide, some have large car- or garden supplements to their WLN, etc. When including issues that are important for the individual WLN the impact on *satisfaction & loyalty* most likely increases.

The questions remaining in the generic WLN Model of Reader Loyalty all evolve around content that is relevant in all WLN; "Names", sales and offers, and layout. These are of course important, but additional questions should be posed (from the ones presented in the conceptual model) when they are thought to have an impact on the readers' loyalty.

There is room for improvement, specifically in the *image* variable it is vital to improve performance. *Culture*, *others*, and *housing* are not evaluated to be of high importance,

but they are important for the paper's totality and these areas should optimally be moved more towards the right on the impact axis. *Local news* is the WLN's core competence and should be maintained, monitored, and developed. All in all, *image* should be the primary priority area.

11.2.3. Operational Perspective – WLN Model of Reader Loyalty

After estimating the model and calculating the indices, a regression analysis of the relationships between the computed indices and their specific indicators were performed. Based on these results, the relative importance for each research question on its variable can be calculated and subsequently combined with the performance levels, hence creating a priority map for each driver.

The conceptual model had 50 measurement variables and if more were to be included, it is assumed that a much smaller sample size would occur, since the questionnaire would be too long and immense. No more than one or two measurement variables were removed from the drivers; *local news*, *culture*, and *housing*. Therefore it is not possible to compute priority maps for these areas, since there is not enough information to show the relative importance for each research question. The thesis therefore proceeds with fewer questions to priorities than what is optimum, because a representative sample size is the main concern. However, the most essential variable to investigate further is *image*, where a priority map with eight measurement variables is created. Furthermore, *others* could be the secondary priority area and from this variable a priority map with five measurement variables is presented.

11.2.3.1. Priority Map for Image

A priority map is created for *image* and eight research questions are presented in the map. However, Q₂₃ ("Image influence whether I read it or not") and Q₂₉ ("My acquaintances think it is a good idea to read the WLN") are areas which are difficult for the WLN to influence significantly, since these questions are posed in a way that actually does not evaluate the WLN's performance as is the case with the rest of the questions. It is therefore difficult to interpret the results and compare them with the rest of the questions within that driver. Hence, it is chosen to calculate a new mean excluding Q₂₃ and Q₂₉ (black dotted line) for the performance axis. This is done in order to provide a more accurate illustration of the priority areas, which the WLN can actually influence.

Conducting the survey again, it is recommended that the two questions are posed differently or are posed as additional questions, which are not to be included in the model.

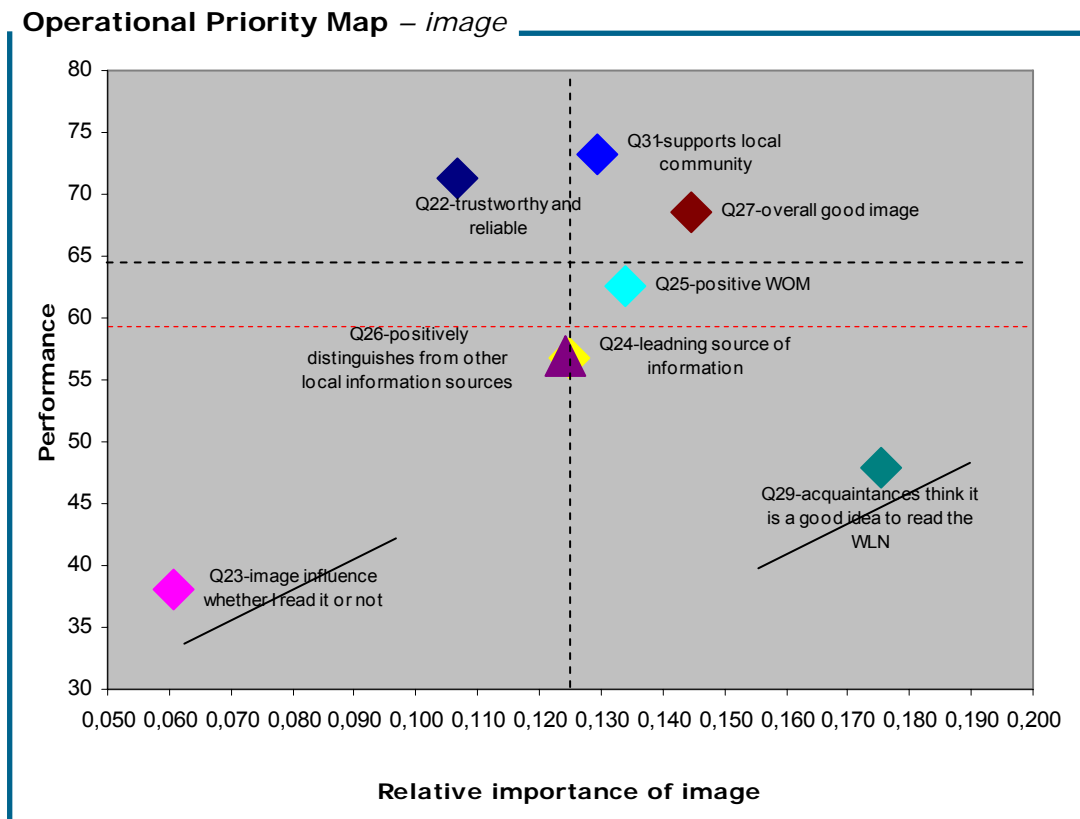


Figure 20

Image is, as mentioned in the strategic perspective above, the driver that should receive the highest priority for future optimization of WLN's, in order to achieve and maintain reader loyalty. The performance needs to meet the high level of importance, because an increase in performance in this area will increase the *satisfaction & loyalty*.

Q₂₅, Q₂₇, and Q₃₁ have a high relative impact on *image* and Q₂₄ and Q₂₆ a relative average impact. Q₃₁ shows that *image* could be improved by developing the performance in this area even more by supporting the local community by e.g. sponsoring events, in the extent to which it is "profitable". Primary priority areas should be Q₂₄, Q₂₅, and Q₂₆, since they are all positioned in the threats quadrant, meaning that the WLN's should aim to perform better at the given areas, since they are important for the readers' perception of the WLN's image. These areas concern differentiation, word-of-mouth, and distinctiveness from other sources of information.

WLN's should try to communicate that they are the leading source of local information, are different from other sources of information, and should seek to create some positive word-of-mouth. Likewise, the WLN's should also try to communicate how trustworthy and reliable they are as a media and try to make that more important to the readers, so Q₂₂ can move into the strengths area.

In all priority areas (Q₂₂, Q₂₄, Q₂₅, and Q₂₆) where it is possible for the WLN to communicate their messages and hereby improve *image*, they should do this by the described initiatives below.

- As mentioned in chapter 4, creating **positive word-of-mouth** is essential for all businesses today. Loyal readers can create positive word-of-mouth and they can serve as ambassadors for the brand if they are satisfied and loyal. It is hereby recommended that the papers optimize the areas outlined in this section, which can result in more loyal readers and ambassadors and hereby create more positive word-of-mouth through the readers' increased satisfaction with the WLN.
- In order to communicate that the WLN is the best source of local information and that they are different from other sources of local information a few initiatives are recommended. One approach could be to advertise in another **source of local information**, like it is done within the magazine industry. Here one magazine places an advertisement in another magazine, which targets the same type of people. An advertisement for the WLN in the local daily paper is a proposal. The advertisement should communicate that the WLN is a good source of local information and emphasize that the paper provides the proxy local news that is of interest to all citizens in the local area. Another attempt could be to create a slogan that emphasizes the individual WLN's core competence, e.g. connected to when the paper is sponsoring local activities (e.g. *"Your Proxy News Source - with focus on XX"*, or *"Your local news source since 19xx"*).
- The question concerning whether WLN's are **trustworthy and reliable** or not is not a primary priority area. However, the area can be optimized by getting the readers to perceive this area as being more important and the performance could also be better. It is recommended that the WLN's seek to be more critical towards article subjects, by also covering more serious themes and presenting more angles of a story when it is relevant, for the WLN to be perceived as being more trustworthy. This is supported by many comments in the questionnaire from respondents mentioning that more serious themes and articles are required, and should be presented with a more critical journalistic angle. Making sure that no spelling mistakes occur in the paper can also provide a higher level of trust and reliability. Some of the respondents mentioned in the questionnaire, as well as in the focus groups, that spelling mistakes in the WLN are very disturbing and unprofessional. They pointed out that it influences their perception of the WLN as being trustworthy and serious and thereby minimize their desire to read the WLN.

These statements support the importance of such “simple” corrections as thorough proofreading.

11.2.3.2. Priority Map for Others

As mentioned earlier, *others* is placed in the quadrant opportunities and is thereby not the primary area of concern. However, it is important not to neglect this area, since the WLN perform relatively well and it has the potential of becoming a more influential factor of *satisfaction & loyalty*.

The five excluded questions from the driver should not be forgotten. The empirical research even indicated that these are important areas even though they are not part of the WLN Model of Reader Loyalty. The three questions, which make up the variable, almost have the same level of influence on the variable and should receive the same amount of attention. The performance of the measurement variables in *others*, which are not included in the model, are evaluated as being poor (they are all below 60), as compared to the rest of the generic results.

It is chosen not to include Q₃₃ and Q₃₇ in the operational priority map for *others*, since it would give an incorrect illustration of the truth, if these two questions were included in the calculation of the averages. Q₃₃ and Q₃₇ are unfortunately posed differently than the remaining questions, and can therefore not be included in the model or in the priority map. However, these two questions should be applied as additional questions for further analysis, since they provide knowledge about what the readers would wish their WLN included. Furthermore, Entertainment and tv-guide are some of the features, which are less often represented in WLN compared to the other three excluded elements in the operational priority map of *others*.

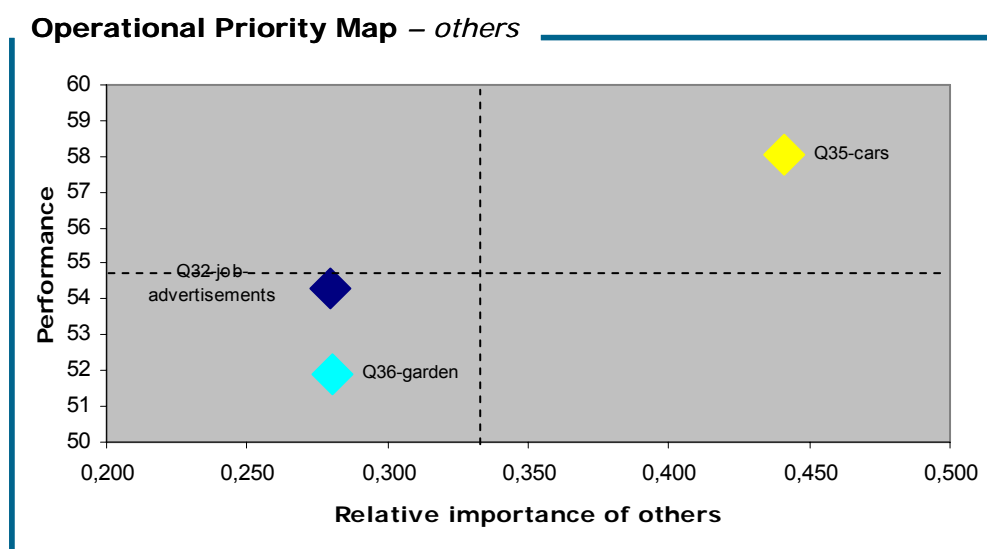


Figure 21

The excluded questions are either placed in the weaknesses (Q_{32} and Q_{36}) or strengths (Q_{35}) quadrants, as illustrated in figure 21.

Q_{35} has a relatively high performance and a high relative impact on *others*. This question concerns the **car** supplement. Due to the high impact on the variable, this area should be monitored closely. However, at the moment it seems like the average WLN does averagely good in this area (thus, there is always room for improvement). Nevertheless, when interpreting the results of the excluded questions in *others*, it should be remembered that the issues of the questions are not equally relevant for all WLN. This can have had an impact on the answers and thereby the results. It does, however, seem to be realistic to assume that **cars** has a large impact on the variable, since this issue is most often present in WLN.

Q_{32} concerns **job advertisements**, which are present in many WLN, but with very diversified quality and amounts. The lowest performance of the three excluded measurement variables are within Q_{36} concerning **garden**. The latter two measurement variables are located in the weaknesses quadrant and it can be recommended to improve performance within these two areas, in order to improve the overall performance of *others*.

It would be recommended to conduct further research within these areas, when applying the model to an individual WLN. The point of departure being on the issues that the specific WLN contains or wishes to provide to their readers.

In summary, the most important place for WLN to start improving their performance is within *image*. It is essential that *image* is given a high priority in order to achieve and maintain loyal readers. By doing so, the WLN can take a stronger stance in the competitive media market. When evaluating the secondary area of attention, a cost-benefit analysis should be carried out. This should be done in order to determine which efforts "pays off" (with loyalty) in relation to the money, time, and effort spend on the improvements. Hereby making the variable a strength for future reader loyalty of WLN. E.g. some of the recommendations for improving the impact of *others* seem to be rather simple, and it is the variable with the least distance to the strengths quadrant. However, *housing* is important due to the advertisers' investment in WLN through housing adverts. It should therefore also be considered and evaluated, what the cost versus benefit of improving these variables would be.

11.3. Priority Maps - Frederikssund Avis

In relation to the case study of Frederikssund Avis, the strategic priority map is somewhat different from the one for the entire industry, which was presented in the previous section. The subsequent section will also provide a benchmark to the generic model.

It should be noted that the respondents who have answered the questionnaire on the request in Frederikssund Avis have had to take more "action" than the people who responded to the e-mail encouragement. An article in Frederikssund Avis requested the readers to visit Frederikssund Avis' website, from which they could gain access to the questionnaire. The respondents who gained access through e-mail just had to click on a link. It is therefore assumed that the respondents in the Frederikssund area are primarily people with a larger interest in the WLN, than the average respondent across the country, since the Frederikssund respondents have had to take more initiative to answer the questionnaire. Nevertheless, the incentive (a gift certificate to DTF Travel) has probably also attracted people with a minor interest in the WLN. Therefore it is assumed that the answers represent the average (regular) reader.

Comparing the results from the generic model directly with the results from Frederikssund Avis might not provide an entirely true depiction of the situation. This is because the sample size for Frederikssund Avis is only a quarter of the size for the generic model, which means that the results are not equally representative and should be interpreted carefully. When evaluating the position of the variables in figure 22, it should at all times be remembered that the averages, which divide the matrix into the quadrants, are calculated from only four variable scores. The reality is therefore more likely to be found in the individual scores, than the positioning in the map. Yet, the map does provide an overall estimate of the situation.

11.3.1. Index Values

Overall, the WLN Model of Reader Loyalty for Frederikssund Avis makes it evident that Frederikssund Avis performs much better than the average WLN (see table 14). The most evident difference is in the driver *image*. *Image* had a generic performance index of 58, whereas Frederikssund Avis' performance is evaluated to be in the high end with an index of 81. However, the highest performance index for Frederikssund Avis is found to be *satisfaction & loyalty* (83), which indicates that the readers are very satisfied and loyal towards Frederikssund Avis.

The index values for Frederikssund Avis are, in general, at a steady and very high level of performance. When interpreting the indices it should be kept in mind that the numbers are so close to each other, that there are no significant differences to be found, among most of the variables.²⁸⁸

It should be remembered that even the variable with the lowest performance index is still performing very well, which is favorable for Frederikssund Avis. In this context, it should also be kept in mind that Frederikssund has a direct competitor, Fjordbyerne, in their local area. The findings presented above

might actually imply that the readers are still loyal towards the "original" paper in the Frederikssund area, even though Fjordbyerne entered the market a few years ago. The increased competition in the Frederikssund area has probably increased their performance, which is evident from the profound better evaluation of Frederikssund Avis than of the average WLN. This is further supported by comments in the questionnaire from the readers who state that Frederikssund Avis has improved tremendously since Fjordbyerne arrived.

Variable	Index
<i>Image</i>	81
<i>Local News</i>	81
<i>Culture</i>	81
<i>Others</i>	83
<i>Perceived Value</i>	78
<i>Satisfaction & Loyalty</i>	83

Table 14

11.3.2. Strategic Perspective – Frederikssund Avis

The Frederikssund strategic priority map (figure 22) shows the four drivers' situation in relation to each other and signifies, which areas should be prioritized to maintain and improve reader loyalty of Frederikssund Avis. It is important to notice that for Frederikssund Avis the impact scores as well as the performance indices do not vary much from one variable to the other. This might have been affected by the rather small sample size of this case study.

As shown in the strategic priority map figure 22, Frederikssund Avis performs well. However, *culture* is one of the variables, which has scored the lowest on performance and relatively high on importance for *satisfaction & loyalty*. *Local news* has the same performance index as *culture*, but a lower impact on *satisfaction & loyalty*. Once again, it should be kept in mind that even the impact on *satisfaction & loyalty* does not vary much among the variables. Therefore, when analyzing the variables position in the priority map and recommending future initiatives, the results from the generic study will be taken into consideration. The evaluation of the performance of Frederikssund Avis' variables, as well as their impact on *satisfaction & loyalty*, varies so diminutively that a more "qualitative"

²⁸⁸ With a mean standard deviation of 24 and a sample size of 132 respondents, the indices should be more than 2.09 points apart in order to show a significant difference.

evaluation of the prioritization constitutes a supplement to the theoretical placements in the priority map.

The analysis below will assist with overall strategic considerations in connection to all drivers positioned in the map.

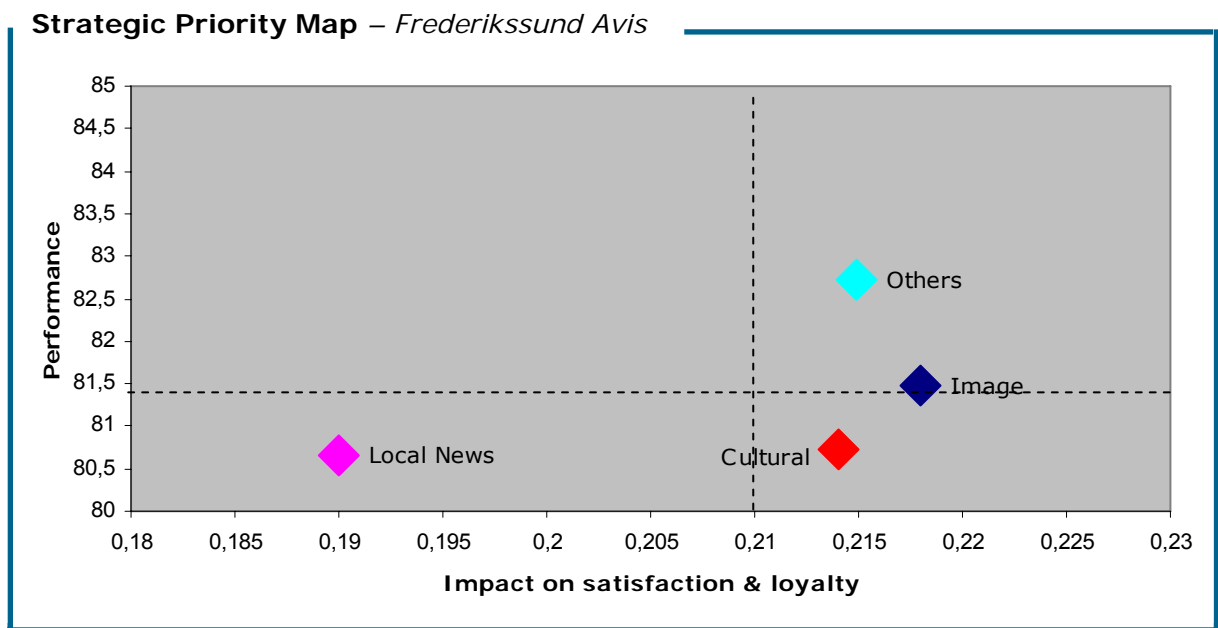


Figure 22

11.3.2.1. Threats

Cultural offers and sport (culture) is positioned in the threats quadrant and is the area, which should theoretically be given the highest priority when anticipating improvements for Frederikssund Avis.

Culture has a much larger effect on *satisfaction & loyalty* for Frederikssund Avis, than what was seen in the generic study. This can be due to the fact that not all WLN actually contain sporting pages, that not all WLN inform you about the upcoming local sporting events, or that they do not write about the local sports results. Therefore, when calculating the average impact on this variable in the generic model, it is assumed that the respondents from the areas in which the WLN does not cover sports, will pull down the average impact of *culture* on *satisfaction & loyalty*. Frederikssund Avis does cover cultural as well as sporting events and it is a reasonable part of the paper. However, the two excluded questions are the two, which directly ask about sport. Yet, this subject is still implicitly measured through some of the remaining questions in the variable, because the questions broadly concerning *culture* also include sport.

The performance index for *culture* is 81, which is good, but Frederikssund Avis should consider making this area one of priority, since it is important for reader's *satisfaction & loyalty*. Even though Frederikssund Avis has a relatively high performance index within this area, it can always be improved. Setting goals, e.g. making *culture* one of their core competencies and creating a strategy for achieving these goals, is likely to be a very lucrative long-term strategy. At the same time it is important to be a part of the necessary continuous improvement that must take place, when operating in a dynamic media market.

Furthermore, Fjordbyerne's coverage of this area (along with other competitors') should be evaluated in order to benchmark and determine the most effective strategy for the *culture* driver.

11.3.2.2. Strengths

Image is placed in the strengths quadrant whereas this variable was located as a threat for the WLN industry. Yet, *image* for Frederikssund Avis is only slightly above the average line and can therefore be on its way down into "threats". This area should take the highest priority due to the importance of *image* found in the generic study. It is, furthermore, an important variable since it is the driver with the largest impact on *satisfaction & loyalty* for Frederikssund Avis. The index for Frederikssund Avis is 81 while WLN on average have a performance index of 58. This indicates that Frederikssund Avis performs well above the average WLN. It should be kept in mind though that it might be influenced by the fact that Frederikssund Avis is the original WLN in the area and hereby has an already solid reputation. Furthermore, people in this area compare Frederikssund Avis with Fjordbyerne, which is a relatively new player on the market.

It is essential for Frederikssund Avis to maintain and improve this position for *image*, since *image* has shown to be a very important driver of the readers' loyalty. Especially for Frederikssund Avis, which has a direct competitor in Fjordbyerne, it is important to have an attractive *image* at all times, since the readers in this area very easily, and without any switching costs, can move their attention to Fjordbyerne. The competition from Fjordbyerne is very likely to have had an influence on the performance of Frederikssund Avis. Some of the respondents have mentioned in the questionnaire that Frederikssund Avis seemed to have improved remarkably since Fjordbyerne was introduced (in December 2004²⁸⁹). In the same period, a large part of the staff and management at Frederikssund Avis was replaced and the outlook of the paper changed

²⁸⁹ www.fjordbyerne.dk <http://www.fjordbyerne.dk/info/profile.asp?pageID=3> 1 May 2007

as well.²⁹⁰ These changes can have had a great influence on Frederikssund Avis' image and they should keep up the favourable image building.

Others is also placed as a strength for Frederikssund Avis, with performance index 83 and an impact that is almost as strong as the one seen in *image*. In the generic model this variable is an opportunity. In relation to Frederikssund Avis, *others* has a larger total impact on *satisfaction & loyalty* than was the case for the generic model. It is therefore important to continuously monitor this area, in order to at least maintain the position for the variable. It is evident from figure 16 that Q_{34} has the most influence on *others*, therefore it is essential for Frederikssund Avis to focus on *Names*. Yet, Q_{38} and Q_{39} are also important with outer weights above 0.700 meaning that *layout* and *sales and offers* should also receive attention if the variable should perform even better.

11.3.2.3. Weaknesses

Local News is situated in weaknesses. For the overall industry *local news* is a strength, which is also strongly supported by the empirical research in that area. The reason for Frederikssund Avis' position in this area can be that their competitors (e.g. Fjordbyerne or the local/regional daily newspaper Frederiksborg Amts Avis) might be good at delivering local news. Furthermore, it could be assumed that some of the local news, which are important for the readers, are debate contributions, information from the police rapport, and other "minor" issues instead of articles about the local community. This information is to be found in Fjordbyerne, in the local daily newspaper, on the Internet etc. Nonetheless, it should be noted that Frederikssund Avis has been evaluated as performing well within the area again. The reason for the categorization as a weakness is due to the overall high evaluation of Frederikssund Avis' performance and the differences among the variables are not significant.

Local news is a unique selling proposition of WLNs and the readers have high expectations within this area. Especially for Frederikssund Avis, it is important to perform very well in this area, since the readers' high expectations can easily cause switching behaviour. If Frederikssund Avis' local news does not meet their needs and expectations there are alternatives with no switching costs for the readers.

Local news should therefore be the primary priority area of Frederikssund Avis.

²⁹⁰ Appendix 14 – Interview with Lone Søndergaard, Head of Development at POLA and Jacob Kaspersen, Head of Frederikssund Avis, 10 January 2007

11.3.3. Operational Perspective – Frederikssund Avis

11.3.3.1. Priority map for *image*

Image is the primary priority area for Frederikssund Avis to focus on, in order to achieve and maintain loyal readers. Q₂₈ and Q₃₀ are almost equally important within the driver.

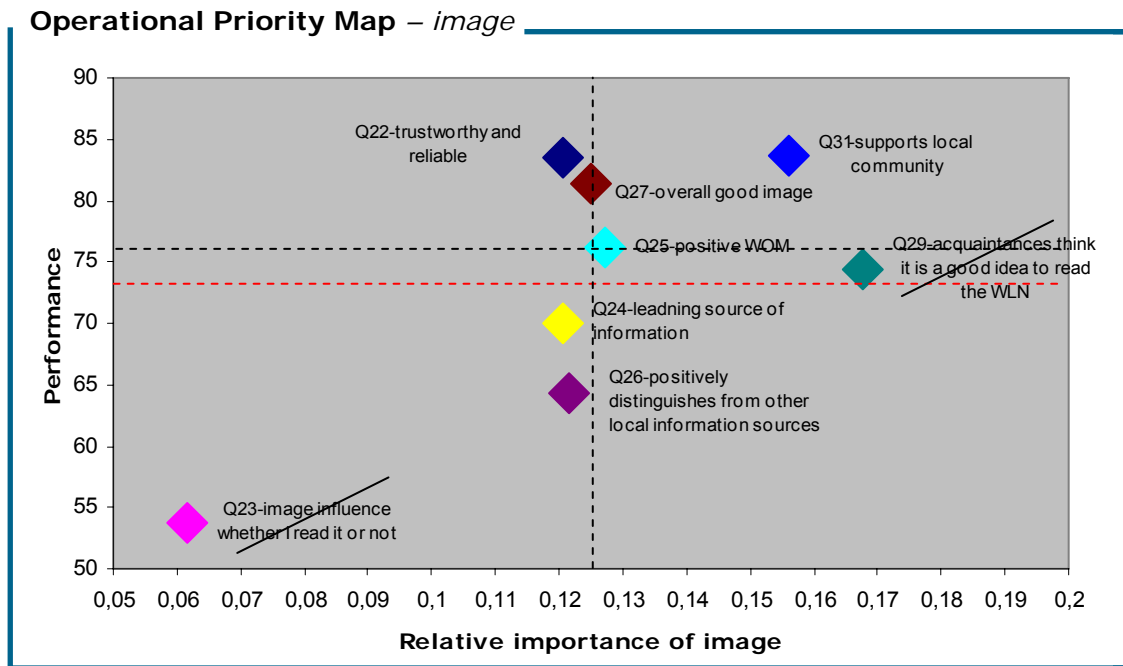


Figure 23 – Priority Map for *image* Frederikssund Avis

In the operational priority map for *image* there are no questions placed in the quadrant threats. However, Q₂₅ (Positive word-of-mouth) are half way into threats, half way into strengths and Frederikssund Avis should try to generate more positive word-of-mouth. Building an *image* of being trustworthy and reliable might be achieved through being more critical towards the issues in the paper. This might involve presenting different viewpoints on a story, in order to communicate that the coverage of stories is not influenced by the public opinion or the journalist in question. Some of the comments in the questionnaires have actually suggested that Frederikssund Avis should improve in this area and that this was one of the strong features of their competitor Fjordbyerne.

Local news should be the secondary priority area for Frederikssund Avis in their effort to achieve and maintain loyal readers. It is not possible to create an operational priority map for *local news*, since only a few questions are excluded from the questionnaire within this variable. The questions remaining are almost equally important for the driver and they should therefore receive the same amount of attention in relation to the future initiatives of Frederikssund Avis.

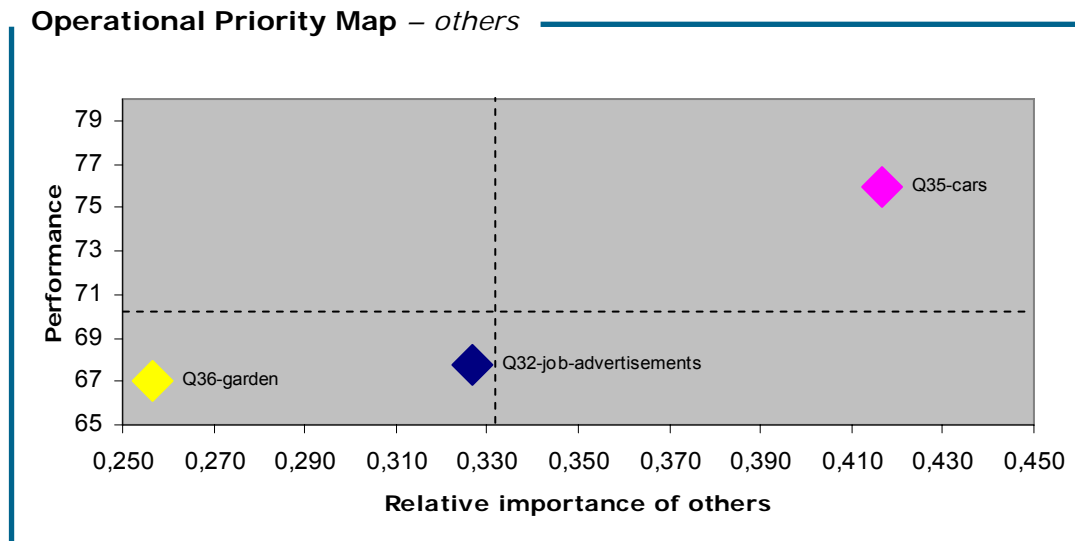
Local news is a core competence of WLN and therefore an area where the readers have high expectations. If Frederikssund Avis does not live up to these expectations, switching behavior could most likely occur, since there are more sources for the readers to retrieve this information e.g. from Fjordbyerne. An optimization of *local news* in Frederikssund Avis could also have an influence on the overall *image* of the paper. Since *local news* is a unique selling proposition of WLN, it is most likely that the image of Frederikssund Avis will improve in the long run, when strengthening the position of their *local news*.

Culture should be prioritized right after *local news* for the optimization of Frederikssund Avis. It is not possible to create an operational priority map for *culture*, since only two questions are excluded from the questionnaire within this variable. The four remaining questions are almost equally important for the driver and all four should therefore receive the same amount of attention in the future optimization of Frederikssund Avis.

The two excluded questions (Q₁₅ and Q₁₆) deal with information about upcoming local sporting events and sports results. The readers of Frederikssund Avis have evaluated their performance on these two areas as being very good, with performance indices at 81 and 79 respectively. This means that as expected Frederikssund Avis performs well within sports, since they focus on the area. However, it is difficult to determine the importance for the readers and if efforts within the area is rewarded. The recommendation is to measure the importance of culture and sport separately. This is in order for Frederikssund Avis to determine the importance of sport as an individual driver of loyalty, since it is already a feature in the paper.

11.3.3.2. Priority map for *others*

As mentioned in the strategic priority map for Frederikssund Avis, it is important to monitor the development of *others* to maintain or improve the current situation. The three excluded questions of this variable are evaluated against each other in the operational priority map for *others*. It should be noted that establishing an average based on only three numbers does not provide an entirely fair presentation, however, it does provide an indication of the situation.

Figure 24 – Priority Map *others* for Frederikssund Avis

Q₃₆ concerning the garden is the question that has the least impact on the variable (of the three excluded questions), and the area in which Frederikssund Avis has the lowest performance score (67). At the other end of the scale is Q₃₅ cars with a high impact on the variable and a high performance index (76). Q₃₂ job advertisements could be a place to start when wishing to improve the driver *others*. It is placed in weaknesses but could be on its way into threats. With a slight improvement in impact, as well as Frederikssund Avis' performance in the area, job advertisements can become a strength as opposed to a threat. Comments have been made in the focus groups, as well as in the questionnaires, that the job advertisements in the WLN often concern low-paid and/or low-status jobs.²⁹¹ A higher standard in jobs offered could improve the importance as well as Frederikssund Avis' performance within the area. This could be achieved through communication with and attractive offers to the advertisers from companies within the region. However, it is important to notice that this should not be the primary area in which to take action, but could rather be an additional initiative.

A Free Newspaper

An additional question, which could be interesting to single out and examine further is Q₂₁. The question concerns whether or not the readers would be willing to subscribe to Frederikssund Avis if they had to pay DKK 5-10 for each edition (while still household distributed). In relation to Frederikssund Avis, the readers are much more "positive" towards paying for the paper, than the nationwide average WLN reader. The answering mean was 46.15 (on the scale 0-100) for Frederikssund Avis versus 21.14 for the nationwide study. With a sensitive question like this it is also possible that many people

²⁹¹ Appendix F (disc) Focus Group Discussion Holbæk, 17 January 2007 & Appendix G (disc) Focus Group Discussion Frederikssund, 22 January 2007

might have answered in a more negative manner instead of voicing their actual opinion on the matter. This could be an attempt to try to maintain their WLN as a free paper. The respondents have utilized the entire scale in answering this question, which makes it clear that the opinion on this matter is very diversified.

Price is often an indicator of loyalty, since price elasticity is one of the advantages of loyalty and refers to attitudinal (emotional) loyalty as previously described in section 4.3.²⁹² In Dick & Basu's Loyalty Matrix (section 4.3.), the willingness to pay for the paper would show a high relative attitude, which combined with reading the paper frequently (repeat patronage) equals a true loyal reader.²⁹³ The readers who are willing to pay for Frederikssund Avis are moving closer to being placed in the upper part of the Ladder of Loyalty.²⁹⁴

In summary, the primary area for Frederikssund Avis to focus on is *image*. *Local news* should hereafter be the secondary area of priority. Furthermore, the remaining drivers should be monitored in order to follow the development in impact as well as performance. This is to be able to prevent any of the drivers from posing a threat against *satisfaction & loyalty*. Comparing the case study of Frederikssund Avis with the results from the generic model, it is obvious that Frederikssund Avis' performance is evaluated as being much better than the average WLN. Overall, the positive tendencies are favourable for Frederikssund Avis, because it is easier for them to achieve and retain loyal readers because there is a positive foundation to build on.

²⁹² Survey Value Inc. http://www.surveyvalue.com/customersat_overview.html 27 April 2007

²⁹³ Dick, Alan S. et al. (1994), p. 101

²⁹⁴ Svanholmer, Bent (1996), pp. 269-270

11.4. Final Recommendations

In relation to developing a model, which identifies the most important drivers of reader loyalty for WLN, five drivers of loyalty have been identified. Hence, a model with seven latent variables is created as well as tested, and the model explains 78% of the readers' *satisfaction & loyalty*.

The drivers of *satisfaction & loyalty* are *image*, *local news*, *housing*, *cultural offers and sport*, and *others*. All the drivers have an impact on *satisfaction & loyalty*, whereas the manifest variables with the exception of *housing* all have an impact on *perceived value* as well.

Overall, it is recommended that WLN focus on the five manifest variables mentioned above, since they all have an impact on *satisfaction & loyalty*. This is in order to achieve and retain loyal readers in the future and thereby create an attractive media for the advertisers to advertise in. The primary priority area for WLN should be improvement of their image. *Image* has shown to be important to the readers, but the WLN perform poorly within this area. Focus should be on improving the reputation of WLN and positioning them as being the leading source of local information. Encouraging positive word-of-mouth is essential in order for WLN to attain an attractive image and hereby retain loyal readers. Furthermore, an improvement of local news is recommended, since it is the WLN's core competence and since better local news indirectly can improve *image*.

For Frederikssund Avis the WLN Model of Reader Loyalty have a slightly different appearance than the generic model. With the exception of *housing*, it proved that all the other variables also had a total effect on *satisfaction & loyalty*, either directly or through the impact of *perceived value*. *Image*, *local news*, *culture*, *others*, and *perceived value* in this case explained 60% of the readers' *satisfaction & loyalty* with Frederikssund Avis.

The primary priority area of Frederikssund Avis should likewise be *image* followed by *local news*. *Image* has proven to be important for reader loyalty and local news is the core competence of WLN, which is why focus should be directed at these drivers.

Cultural offers and sport should be the next area of focus due to their position in the strategic positioning map. *Cultural offers and sport* have shown to be of great importance to the readers of Frederikssund Avis in relation to *satisfaction & loyalty* and Frederikssund Avis performs well in these areas, relative to the average WLN.

Overall, Frederikssund Avis does remarkably better than the average WLN, but still leaves room for improvement.

When WLN's prioritize future initiatives, an evaluation of the costs vs. the benefits of the initiatives should always influence the decisions.

All areas should be monitored on a regular basis, since the readers' perceptions and priorities are dynamic and likely to change over time. WLN's should focus on the areas, which are of greatest importance to the readers' *satisfaction & loyalty*, in order to achieve and retain loyal readers and thereby be able to resist the increasing competition and pressure from the expanding media market.

12. CONCLUSION

WLN's operate in a dynamic media market, with increasing competition for the advertisers' investments. To secure their competitiveness in the future, WLN's need to achieve and retain a large number of loyal readers.

WLN's are characterized by being published once or twice a week, they are distributed free of charge and the content is local and mainly of interest to the citizens in the publication area. It is the aim of the WLN's to be the leading source of communication and information in the local communities. The WLN's have a broad target group and have on average 78.5% readership. The readership is distributed almost evenly among the population but, in general, people above the age of 30 are overrepresented. The reader behavior is characterized by that more than 90% read the WLN the same day it is delivered, and the decision-making process to actually read the paper is short. The average WLN reader reads the paper four out of five times, and for most people the WLN fulfill a *safety* as well as a *belonging* need focusing on socialization and being able to follow the talk of the town.

Loyalty is a deeply held commitment to repatronize a preferred product consistently in the future. WLN reader loyalty indicates that the reader chooses to pick up the paper and read it week after week, as opposed to throwing it out. Loyalty is influenced by the competitive situation the WLN(s) is operating in and loyalty can be divided into different levels, according to how deep-felt the brand relationship is. At the ultimate level of loyalty, the reader is called an ambassador and will recommend the paper to others and create positive word-of-mouth. Loyal readers create cost-effectiveness by attracting more advertisers to the WLN. The more loyal readers a WLN can present – the more attractive it is for advertisers to make use of this media.

Loyal readers are determined by a combination of relative attitude and relative patronage, meaning that a WLN needs to position itself relatively better than the competitors. This relates to creating a positive attitude towards the paper as well as creating repatronizing behavior, concerning choosing the WLN over another competitor.

A conceptual model for determining WLN reader loyalty was developed on the foundation of the ECSI model, which was modified according to primary as well as secondary findings. In the development of the conceptual model, six manifest variables were identified as having theoretical justification of their impact on *satisfaction & loyalty*. In addition, 15 hypotheses of the relationships among the variables were set up. These drivers are *image*, *local news*, *housing*, *cultural offers and sporting results*, *others*, and *free and household distributed*. The conceptual model was hereafter tested and it became

evident that the drivers *image*, *local news*, *housing*, *cultural offers and sport*, *others*, and *perceived value* all have an influence on WLN reader *satisfaction & loyalty*. *Free and household distributed* could not be justified as a driver in the WLN Model of Reader Loyalty, in its current form, and was therefore removed from the model.

With the exception of *housing*, all variables have a direct influence on *satisfaction & loyalty*. *Housing* merely effects *satisfaction & loyalty* indirectly through *perceived value*. Hereby, 12 out of the 15 hypotheses were confirmed in the analysis' hypotheses test.

The WLN Model of Reader Loyalty is evaluated as being valid and useful, since it meets the requirements for Average Variance Extracted, Cronbach's Alpha, path coefficients are determined as being significant ($p < 0.05$) etc. Furthermore, the model explains 78% of the *satisfaction & loyalty* of WLN, which is more than satisfactory.

Image and *local news* are the two strongest drivers of *satisfaction & loyalty* (with a total effect of 0.449 and 0.245 respectively), followed by *others* and *cultural offers and sport* (with a total effect of 0.190 and 0.132 respectively). The manifest variable with the least effect on *satisfaction & loyalty* is *housing*, however, it should not be neglected, since a significant relationship is present.

In order to achieve and retain loyal readers in the future, it can be concluded that the most essential initiatives should be concentrated around the five previously mentioned drivers of loyalty (*image*, *local news*, *housing*, *cultural offers and sport*, and *others*). This should be the focus in order to maintain as a highly appealing media for the advertisers to invest in, compared to the competitors.

Image should be the primary area of improvement for the WLN because this is an area the readers' find essential for their loyalty. However, the WLN do not perform well in this variable, which makes it a threat for the future. In order to improve the overall image of the media, it is important to focus on positioning the media as the leading source of local information and encouraging positive word-of-mouth. One of the unique selling propositions, which WLN should emphasize heavily in their communication, is the fact that WLN provide a solid foundation for sharing local information and news with people in the readers' reference groups. This is one of the strongest "features" of WLN, since it contributes to establishing the readers' in their local community.

Furthermore, it is vital to monitor the remaining four variables, (*local news*, *housing*, *cultural offers and sport*, and *others*), in order to be in the vanguard of developments and optimize their performance accordingly to the situation, since they have a significant impact on loyalty. *Local news* is a strength for the future WLN reader loyalty, whereas the remaining variables possess great opportunities for the future WLN reader loyalty.

These initiatives should be transformed into action through efforts and communication by the individual WLN and their superior organizations.

Frederikssund Avis has been applied as a case study of the thesis. It can be concluded that Frederikssund Avis performs significantly better than the average WLN, in all the measured areas in the developed model. The main difference between the generic model and the model for Frederikssund Avis is that *housing* does not have a significant influence on reader loyalty, on the latter. The four remaining variables (*image*, *local news*, *cultural offers and sport*, and *others*) all prove to have an effect on *satisfaction & loyalty*, either directly or through *perceived value*.

There are some initiatives that are vital for improving and maintaining the future loyalty of the readers of Frederikssund Avis. *Image* has turned out to be the most important driver of *satisfaction & loyalty* and it should receive the highest priority for Frederikssund Avis. Besides, an optimization of *local news* will most likely also result in an improved image. It is therefore concluded that *image* and *local news* should be the two primary areas of attention for Frederikssund Avis, in order to achieve and maintain loyal readers in the future. The two variables, *cultural offers and sport* and *others* should be monitored closely, since they are great opportunities for Frederikssund Avis' future reader loyalty. On that note, evaluating the costs versus the benefits of improving variables that are already at a high performance level, should contribute to the prioritization of future initiatives.

It can hereby be concluded that the most important drivers for achieving and retaining loyal readers of WLN are; *image*, *local news*, *cultural offers and sport*, *housing*, and *others*, which all have an impact on reader loyalty either directly or through an increased *perceived value*. All things considered, the main emphasis for WLN should be on increasing performance of *image* followed by *local news*, which have the largest total effects on reader loyalty.

13. ALTERNATIVE PERSPECTIVE

Reader loyalty is an essential theme for WLN, since it is vital to keep their readers loyal, in order to attract as many advertising funds as possible. The goal of this alternative perspective is to look at the future perspective in extension of the findings of the thesis.

The thesis' aim was to develop a model, which can be used to measure reader loyalty for WLN. The model is meant to apply to all WLN. This means that all individual papers can use the gathered information in the conceptual model to optimize reader loyalty. Another possibility is to take the WLN Model of Reader Loyalty and conduct research within the guidelines the thesis has put forward and hereafter adjust the latent variables and measurement variables to the content of the given WLN brand.

The WLN Model of Reader Loyalty is developed for the purpose of measuring WLN, and hereafter to be able to easily fit the model to the individual brands of WLN. It could be very interesting to actually test the model on several brands of WLN to research if the findings apply widely across the industry. As mentioned in the methodology limitations section the case study of Frederikssund Avis was conducted simultaneously with the generic study, and therefore not adjusted to the findings the generic model provided. Testing the final model on more individual brands of WLN could provide an even more solid foundation for future applicability of the WLN Model of Reader Loyalty.

The construction of the conceptual model had its starting point in that the model should apply to all WLN. However, after the development of the model, it is now evident that the model might be able to work for other newspapers as well. With a few alterations the model can be adapted to e.g. fit to Daily Local and Regional Newspapers. Daily Local and Regional Newspapers consist of national, regional and local news, which would acquire some different standards for the variable *local news*, but other than that it is a possibility to utilize the findings from the WLN Model of Reader Loyalty on Daily Local and Regional Newspapers. This is a great strength of the model, since it is possible to utilize the model-findings on other newspapers, which also covers the proxy matters. Testing the model on daily local newspapers could also provide an interesting study, which could illuminate where daily (local and regional) and WLN distinguish from each other, when it comes to reader loyalty.

An important change in the Danish society is the merger of municipalities, which took place in January 2007. This restructuring of the local societies can have a large effect on WLN in the future. However, the new municipalities are still so new, that the impacts of these changes in society have still not had an obvious effect on WLN, and therefore have not been a part of the thesis. Nevertheless, it seems like the larger municipalities

can create some challenges for WLN, since people are now compelled to feel like they belong to a community, which they do not have any prior relations with. Today, it is common that more than one WLN is present in an area, and from the study of Frederikssund Avis it seems like this is an advantage for the readers, since the competition creates a better product. However, it is a challenge for the WLN. Creating larger communities can also be an advantage for the WLN, since it is often said, that when everything around you gets bigger and more international, then people turn to the "safe" and proximate things, which is what the WLN provides.

The increased competitive situation at the WLN market makes the WLN Model of Reader Loyalty even more applicable, since it will be increasingly important for each WLN to achieve and retain their loyal readers, when more WLN are represented in the same local area, and when standards of WLN raise.

For the future an even more intense competition on the media market is expected. Delivering proximity is expected to be seen from other media as well, because it is an attractive feature for advertisers. A threat for WLN in the format it is today is web-communities. Web-communities are seen as something the WLN should be aware of because people increasingly resort to use the Internet both for a quick news fix but also for searching information of interest to them. In a web-community there is a possibility for the readers to interact and to share common local interests and it is seen as uncomplicated to go online at get the local news when it fits the reader, instead of receiving it once or twice a week on paper. Web-communities are seen as a threat for the future of WLN, which emphasize importance of WLN focusing on reader loyalty. Nevertheless, if the WLN are in the vanguard of the development, there are great opportunities in web-communities as well. It could be a possibility for the individual brands of WLN to actually create web-communities with connection to their own (already established) webpages. More and more WLN have their own webpage, which is updated with the latest news. Therefore they already have access to a large part of the content, which could be posted in a web-community. Hereafter, a more interactive forum should be created, where the readers/participants can interact with each other, discussing matters of local interest. Doing this, the WLN would have a great opportunity of capturing the younger target group, which at the moment is the target group with the lowest readership of WLN. Furthermore, the advertising could be targeted more appropriately in a web-community, since people are asked to provide information about themselves and their habits, when joining the community. Such an expansion of the WLN's portfolio could create new possibilities for WLN to interact with the readers, and have endless opportunities for the advertisers and the readers as well.

BIBLIOGRAPHY

Books

- Andreassen**, Tor W. (2000) *"Kundepleie i praksis: relasjonsmarkedesføring på forbrukermarkedet"*, Gyldendal Akademisk Oslo
- Bagozzi**, Richard P. (1994) *"Advanced Methods of Marketing Research"* (written by Fornell, Claes & Cha, Jaesung), Blackwell Publishers
- Brace**, Ian (2004) *"Questionnaire Design – How to plan, structure and write survey material for effective market research"*, London & Sterling, 1st edition
- Brassard**, Michael (1996) *"The Memory Jogger Plus+"* (Revised Edition), GOAL/QPC
- Chisnall**, Peter (2005) *Marketing Research*, McGraw Hill, 7th Edition
- Christopher**, Martin, Payne, Adrian & Ballantyne, David (2002) *"Relationship Marketing – Creating Stakeholder Value"* Elsevier Butterworth-Heinemann
- Dillman**, Don A. (2000) *"Mail and Internet Surveys – The Tailored Design Method"*, Second Edition, John Wiley and Sons INC.
- Grønholdt**, Lars, Hansen, Flemming & Christensen, Lars B. (2006) – *"Markedskommunikation – Danske reklamemedier"* Bind 2, Forlaget Samfundslitteratur, 2nd Edition
- Hyman**, Herbert H., & Eleanor Singer, Eds. (1968) *"Readings in reference group theory and research"* New York: Free Press, London: Collier-Macmillan Limited
- Jacoby** & Chestnut (1978) *"Brand Loyalty. Measurement and Management"*, New York: Wiley & Sons
- Johnson**, Michael D. & Gustafsson, Anders (2000) *"Improving Customer Satisfaction, Loyalty and Profit"*, Jossey-Bass, 1st Edition
- Keller**, Kevin L. (2003) *"Strategic Brand Management, Building Measuring and Managing Brand Equity"*, Prentice Hall, 2nd Edition
- Kotler**, Philip (2000) *Marketing Management*, The Millenium Edition, Prentice Hall
- Liamputtong**, Pranee and Ezzy, Douglas (2005) *"Qualitative Research Methods"*, Oxford New York, 2nd Edition
- Malhotra**, Naresh K. & Birks, David F (2003) *"Marketing Research – An applied approach"*, Prentice Hall, 2nd European Edition
- Martensen**, Anne & Grønholdt, Lars (1998) *"Kundetilfredshed – Determinanter og Effekter."* Working Paper 104. Institut for informationsbehandling.
Det erhvervsøkonomiske fakultet
- Morgan**, David L. (1997) *"Focus Groups as Qualitative Research"*, 2nd edition, Sage Publications Inc.
- Morgan**, David, L. & Scannell, Alice U. (1998) *"Planning Focus Groups, Focus Group Kit 2"*, Sage Publications Inc.

- Oliver**, Richard L. (1997) *"Satisfaction – A Behavioral Perspective on the Consumer"*
McGraw-Hill
- Percy**, Larry (2005) *"Strategic Advertising Management"*, Oxford, 2nd Edition
- Rayner**, Sue (1996) *"Customer Loyalty Schemes: effective implementation and management"*, Financial Times Retail & Consumer Publishing
- Reichheld**, Frederick F. (1996) *"The Loyalty Effect – The Hidden Force Behind Growth, Profit, and Lasting Value"* Harvard Business School Press, Paperback Edition
- Rust**, Ronald, Lemon, Kathrine & Narayandas, Das (2004) *"Customer Equity Management"*, Pearson Prentice Hall
- Solomon**, M., Bamossy, G. and Askelund, S. (2002) *"Consumer Behaviour – A European Perspective"*, Prentice Hall (Financial Times), 2nd Edition
- Svanholmer**, B. (1996) *"Kundeloyalitet"*, Børsens Bogklub, 1st Edition

Academic Articles

- Andreassen**, Tor W. & Lindestad, Bodil (1998) "Customer Loyalty and Complex Services" International Journal of Service Industry Management, vol. 9
- Ball**, Dwayne et al. (2004) *"The Role of communication and Trust in Explaining Customer Loyalty - An Extension to the ECSI Model"*, European Journal of Marketing, vol. 38
- Brunner**, Laurel (2006) *"Reading in the Free World"* The Seybold Report vol. 6 number 11, 14 December
- Dick**, Alan S. & Basu, Kunal (1994) *"Customer Loyalty: Toward an Integrated Conceptual Framework"* Journal of Academy of Marketing Science Vol. 22 number 2
- Eskildsen**, Jacob et al. (2004) *"The Drivers of Customer Satisfaction and Loyalty. The Case of Denmark 2000-2002"*
Total Quality Management, vol 15 no. 5-6, July-August
- Eskildsen**, Jacob K. & Kristensen, Kai (2006) *"Enhancing importance-performance analysis"* International Journal of Productivity and Performance Management vol. 55 No 1
- Fornell**, Claes (1992) *"A National Customer Satisfaction Barometer: The Swedish Experience"* Journal of Marketing vol. 56 (January)
- Fornell**, Claes et al. (1996) *"The American Customer Satisfaction Index: Nature, Purpose, and Findings"* Journal of Marketing vol. 60 (October)
- Gutman**, Jonathan (1982) *"Means-End Chain Model Based on Consumer Categorization Processes"*, Journal of Marketing, vol. 46
- Grønholdt**, Lars, Martensen, Anne & Kristensen, Kai (2000) *"The relationship between customer satisfaction and loyalty: cross-industry differences"*
Total Quality Management vol. 11 2000
- Grönroos**, Christian (1984) *"A service quality model and its marketing implications"*, European Journal of Marketing, vol. 18 No. 4

- Haenlein**, Michael & Kaplan, Andreas M. (2004) *"A Beginner's Guide to Partial Least Squares"* Understanding Statistics, 3(4)
- Heskett**, James L. et al. (1994) *"Putting the Service-Profit Chain to Work"* Harvard Business Review, March-April
- Johnson**, Michael D., Gustafsson, Anders, Andreassen, Tor , Lervik, Line and Cha, Jaesung (2001) *"The Evolution and Future of National Customer Satisfaction Index Models"* Journal of Economic Psychology, vol. 22, issue 2 April
- Johnson**, Michael D., Herrmann, Andreas and Huber, Frank (2006) *"The Evolution of Loyalty Intentions"* Journal of Marketing, vol. 70 April
- Jones**, Thomas O. & Sasser Jr., W. Earl (1995) *"Why Satisfied Customers Defect"* Harvard Business Review November-December
- Kandampully**, Jan & Suhartanto, Dwi (2000) *"Customer loyalty in the hotel industry: the role of customer satisfaction and image"* International Journal of Contemporary Hospitality Management 12/6 2000
- Kristensen**, Kai – Grønholdt, Lars & Martensen, Anne (2000) *"Customer Satisfaction and Customer Loyalty in the Danish Banking Sector: Theory, Application and Benchmarking"* from the 44th European Quality Congress – Budapest, proceedings vol. 2
- Kristensen**, Kai, Martensen, Anne & Grønholdt, Lars (2000) *"Customer satisfaction measurement at Post Denmark: Results of application of the European Customer Satisfaction Index Methodology"* Total Quality Management vol. 11 no 7, 2000
- Martensen**, Anne, Grønholdt, Lars & Kristensen, Kai (2000) *"The drivers of customer satisfaction and loyalty: cross-industry findings from Denmark"* Total Quality Management vol. 11 2000
- Martensen**, Anne & Grønholdt, Lars (2001) *"Using employee satisfaction measurement to improve people management: An adaption of Kano's quality types"* Total Quality Management, Vol. 12, No. 7&8
- Martensen**, A. (1997) *"Kundetilfredshed – set i et teoretisk perspektiv, Institut for afsætningsøkonomi"*, Handelshøjskolen i København
- Martensen**, Anne, Grønholdt, Lars and Nørhede, Alice (2004) *"Quality Management in Danish Libraries: A Danish Case Study"* 7th International QMOD 2004 Conference Mexico
- McAlexander**, J.H. et al. (1994) *"Service Quality Measurement"*, Journal of Health Care Marketing, Vol. 14 No. 3
- McDougal**, Gordon & Levesque, Terrence (2000) *"Customer Satisfaction with Service: Putting Perceived Value into the equation"* Journal of Services Marketing, vol. 14
- Nguyen**, Nha & Leblanc, Gaston (2001) *"Corporate image and corporate reputation in consumers' retention decision in services"* Journal of Retailing and Consumer Services
- Reichheld**, F. (1996) *"Learning from Customers Defections"*, Harvard Business Review, March/April

- Reichheld, F. & Sasser, E. (1990)** *"Zero Defections: Quality Comes to Services"* Harvard Business Review, September-Oktober
- Oliver, Richard L. (1980)** *"A Cognitive Model of the Antecedents and Consequences of satisfaction judgment"*, Journal of Marketing Research, vol. 14
- Oliver, Richard L. (1981)** *"Measurement and Evaluation of Satisfaction Processes in Retailing Settings"* Journal of Retailing, vol. 57, number 3
- Oliver, Richard L. (1988)** *"Response Determinants in Satisfaction Judgements"* Journal of Consumer Research, vol. 14 March
- Roberto, Dr. Ned & Roberto, Ardy (2006)** *"Does customer satisfaction always translate into loyalty?"* Philippine Daily Inquirer 17 March
- Sestoft, Christine P. & Hansen, Torben (2003)** *"Value-Driven Planned Behavior: Model for Understanding and Predicting Consumer Online Buying Intention"*. Communicating With customers: Trends and Development, ATINER, Athens, Greece
- Sirdeshmukh, D. (2002)** *"Customer Trust, Value and Loyalty in Relational Exchanges"*, Journal of Marketing, Vol. 68, January
- Spreng, Richard A. et al. (1996)** *"A Reexamination of the Determinants of Consumer Satisfaction"* Journal of Marketing vol. 60 July
- Variens, Marco & Hofstede, Frentel Ter (2000)** *"Linking Attributes Benefits and Consumer Values"* Market Research, Fall 2000
- Zeithaml, Valarie A. (1988)** *"Consumer Perceptions of Price, Quality, and Value: A Means—End Model and Synthesis of Evidence"* Journal of Marketing, vol. 52, July

Surveys

- Hovedopgave: Teoretisk diskussion af skabelse og fastholdelse af loyale kunder 2001
- Kopacek, Gary *"Overview Customer Satisfaction and Customer Loyalty"* Survey Value Inc., 2003
- Reader survey for Frederikssund Avis vs. Alle Politikens lokalaviser
- Reader survey for Frederikssund Avis 2006
- Reader survey for Hillerød Posten 2006
- Reader survey for Lokalavisen 2003 – "Perron 1 Kommunikation og Analyse"
- Reader survey for Lokale ugeavisers rolle i danskernes indkøbsbeslutninger, De Danske Ugeaviser 2006
- Reader survey for Politikens Lokalaviser 2006
- Reader survey for Villabyerne 2006

Interviews

- Interview with Jan Halling Head of POLA and Kenneth Wegner Head of Administration POLA, November 2006
- Interview with Professor Anker Brink Lund, Copenhagen Business School, December 2006
- Interview with Lone Søndergaard (Head of Development at POLA) and Jacob Kaspersen (Head of Frederikssund Avis), January 2007

Websites

www.delokaleugeaviser.dk - De Lokale Ugeaviser

www.sondagsavisen.dk - Søndagsavisen

<http://en.wikipedia.org> - Wikipedia

<http://borsen.dk> - Børsen

www.forbrugerkontakt.dk - Forbrugerkontakten

www.surveyvalue.com - Surveyvalue

www.smartpls.de - SmartPLS

www.frederikssundavis.dk - Frederikssund Avis

www.fjordbyerne.dk - Fjordbyerne

Others

- Danmarks statistik, Serviceerhverv, Befolkningens brug af Internet 2006
- Gallup for Forbrugerkontakten *"Danskernes brug af reklame 2005"*
- Jan Halling (Head of POLA) - WLN presentation, November 2006
- Larsen, Karins L. (2006) *"Ugeaviser søger nye annoncejagtmarker"* Børsen
- Lecture notes from Relationship Marketing, Professor Lars Grønholdt, September 2006
- Lecture notes from Markedsanalyse, Professor Lars Grønholdt, March 2007
- Lecture notes from Markedsanalyse, Professor Torben Hansen, 2007