

# Application of PLS in Marketing: Content Strategies in the Internet

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## 1 Introduction

Although a high proportion of the population uses the internet for information and communication content providers still struggle with the question how to manage their product in the most profitable way. It is still very difficult to overcome the “content for free mentality” of the users and to introduce paid content models to the internet. Another way to market content is to syndicate different content bundles to other players in the market who need interesting content to raise the number and duration of visits on their website [28]. Generally, content providers can follow two different marketing strategies in this context: On the one hand a provider can follow a “sales strategy”. In this case, he aims at generating direct profits through content licensing and regards the internet as additional distribution channel. On the other hand it might be more effective for some providers to follow a “promoting strategy”. Here the provider strives for increasing his own traffic or own brand awareness and image with the transfer of his content. According to the structure-follows-strategy-paradigm one can assume that a provider who follows a sales strategy will primarily be paid in a direct way according to classical licensing arrangements by his subscribers. Other actors who follow a promoting strategy will only be rewarded in an indirect way by content branding or the integration of a link leading to the own website. Here the transfer of content can be seen as a

more cost-effective alternative to banner advertising. Although syndication is widely used in practice it is still not obvious which marketing strategy and compensation policy is accepted by the different providers.

This article investigates which strategies the players follow and how the choice of the strategy is depending on its antecedents. As the providers differ in several characteristics it is obvious to presume that the particular content-relevant resources of the providers might have an impact on their strategies and consequently on the compensation policy. This leads to the theory of the resource based view of a firm (RBV). The RBV exactly focuses on the question how different resource endowments determine corporate strategies and finally the characteristics of inter-organizational relationships [21, 22, 29].

On the basis of the RBV several hypotheses are deduced in the second chapter of this article and an explanatory model is built. In the third chapter we illustrate that PLS can be regarded as the adequate statistical method. Our model contains the abstract constructs “content relevant resources”, “marketing strategies”, and “compensation policy” which needs to be operationalized by detailed indicators, here marketing instruments. The indicators cause the constructs and can therefore be seen as formative measures which can be handled only by PLS in a simple manner. In this chapter we also illustrate the standard procedures which should be undertaken by using PLS as method of analysis. Additionally we demonstrate which further statistical methods should be used to increase the explanatory power of the PLS analysis. The results in chapter 4 show that the marketing strategies and compensation policies should be implemented on the basis of the intangible resource endowments of the content providers. Only by using PLS we are able to find out the single influence of every formative indicator, i.e. marketing instruments in our case. We close with a chapter with a conclusion and outlook for further research.

## 2 Resource-Strategy-Relationship Model

Although most providers syndicate their content on the internet the question which marketing strategy and compensation is accepted has not been solved. As previous analyses in table 1 show providers who follow a sales strategy also work under non-monetary relationships and vice versa [27]. Therefore the question is which antecedents influence the providers’ marketing strategy and compensation policy.

**Table 1.** Descriptive Illustration of the Strategy-Structure-Relationship

	Monetary Relationships	Non-monetary Relationships
Sales Strategy n = 65	82.5%	17.5%
Promoting Strategy n= 35	23.9%	76.1%

The model how certain antecedents influence the choice of the strategy of a content provider is visualized in figure 1 which shows two separate submodels. The first one deals with the relationship between different *marketing strategies* and *compensation policies*. For these we assume a good fit according to the *structure-follows-strategy-paradigm*: A provider with a sales strategy should primarily keep monetary partnerships while others who follow a promoting strategy should mainly hold relationships with non-monetary rewards. In this setting the *structure* is represented by the formation of the interorganizational relationship (monetary versus non-monetary).

The second submodel contains the effects of the antecedents on the strategies of the content providers. As the providers differ in several characteristics one can presume that the particular content-relevant resources of the providers might have an impact on their strategies and consequently on the compensation policy. This leads to the *resource-based view of a firm (RBV)*. The resource-based view assumes that a business combines various resources on which basis strategies for gaining competitive advantages are implemented [29].

Therefore several content-relevant resources were identified in the explanatory stage of the project by conducting *focus interviews*. As a result of the qualitative research the content-relevant resources could be classified into physical, organisational, financial and intangible ones [3]. According to the RBV, resources must prove to be valuable, rare, imperfectly imitable and non-substitutable to have the potential to create comparative advantage. Only the *intangible resources*, namely the content equipment, content-specific know-how and name recognition, fulfilled all the mentioned criteria above. Therefore they need to be considered for implementing the marketing strategy in the following.

As the mentioned resources are abstract dimensions they need to be operationalized by more detailed indicators. These can be extracted with the help of expert interviews in a next step [23].

*The content equipment* of a provider contains different kinds of content (text, graphs, pictures etc.) the provider can syndicate to other players of the market. Regarding the *content equipment* of the provider one can assume that the more extensive the content equipment, which is suitable for the syndication process, the higher the possibility to gain a competitive advantage by syndicating the content. If the content equipment is extensive the set-up of an additional distributional channel is worthwhile and the provider will follow a sales strategy. However, if a provider only owns small amounts of content that he can syndicate in the internet, e.g. due to rights of disposal problems, he will do this with the goal to increase his own traffic or brand awareness as well as his image. Therefore, he will rather follow a promoting strategy. As the expert interviews showed the abstract construct "content equipment" can be operationalized by the amount of syndicated topics and formats. These indicators are independent of each other since a provider can syndicate different content topics just as texts and must not necessarily provide the

content in various formats. The indicators form the construct “content equipment” which thus acts as an *index*.

Moreover, the *content-specific know-how* might be of importance for the implementation of the providers’ marketing strategy. The content-specific know-how incorporates all knowledge areas which are essential to run the syndication business. Here, it is essential to cover the single steps of the value production process. The higher the know-how the more reasonable it is to concentrate on an additional distribution channel and to follow a sales strategy. In the case that the level of know-how is low the content may only be transferred to a small extent and the special requirements have to be handled by the subscriber. Under these circumstances the provider will rather follow a promoting strategy. As the construct “content-specific know-how” is still quite abstract it also needs to be more specified by its indicators. To provide content of high quality and therefore create a competitive advantage, journalistically trained personnel are necessary. Additionally the technical know-how can be seen as a limiting factor for syndication activities in the internet. The personnel must know how to configure the content from possibly different data formats, maintain and transfer the offered product. Moreover one can assume that it is necessary to have a deep understanding of the market, the underlying trends and the relevant players. The outlined indicators are independent from each other which means that a provider with a high level of editorial know-how can also have a high level of technical or market-specific know-how but he does not necessarily have to. Consequently the indicators form the construct which means that the construct “content-specific know-how” can be regarded as an index.

Furthermore, it can be assumed that the *name recognition*, the positive awareness, of a provider might be an important factor in the outlined context which is reflected by his brand awareness and image, the amount of traffic and the extent to which he is established in the market. The lower the values of these indicators the more the provider depends on an increase of his name recognition. As a result, he requires increasing traffic, growing brand awareness as well as image and will follow a promoting strategy. The higher the name recognition is on the other hand the less is his dependence and the higher is the provider’s preference to generate direct profits. In this case he will follow a sales strategy. Here the indicators are representations of the underlying factor and thus represent reflective indicators of the construct “name recognition”.

In addition to the mentioned intangible resources the provider’s *level of B2C* should be taken into account as a control variable referring to the overall strategy of the provider. The higher the level of B2C the more the provider will focus on advertising revenue or profits from online or accordant offline deals and therefore follow a promoting strategy. Otherwise the sales strategy will be preferred. As previous analysis showed the level of B2C can be measured in a direct way and can be operationalized as a single item. Figure 1 and table 2 give an overview of the hypotheses.

Fig. 1. Resource-Strategy-Relationship-Model

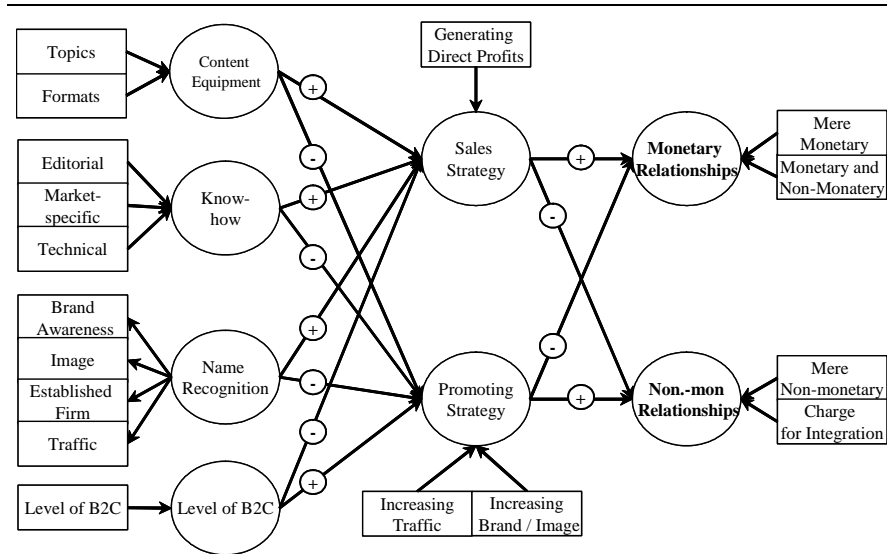


Table 2. Resource-Strategy-Relationship-Model - Hypotheses

Overview of Hypotheses	
H 1	The more extensive the <b>content equipment</b> of the content provider the more likely he will follow a <b>sales strategy</b> .
H 2	The less extensive the <b>content equipment</b> of the content provider the more likely he will follow a <b>promoting strategy</b> .
H 3	The higher the <b>content-specific know-how</b> of the content provider the more likely he will follow a <b>sales strategy</b> .
H 4	The less the <b>content-specific know-how</b> of the content provider the more likely he will follow a <b>promoting strategy</b> .
H 5	The higher the <b>name recognition</b> of the content provider the more likely he will follow a <b>sales strategy</b> .
H 6	The less the <b>name recognition</b> of the content provider the more likely he will follow a <b>promoting strategy</b> .
H 7	The higher the <b>level of B2C</b> of the content provider the more likely he will follow a <b>promoting strategy</b> .
H 8	The less the <b>level of B2C</b> of the content provider the more likely he will follow a <b>sales strategy</b> .
H 9	The more the content provider follows a <b>sales strategy</b> the more <b>monetary relationships</b> he will maintain.
H 10	The more the content provider follows a <b>sales strategy</b> the less <b>non-monetary relationships</b> he will maintain.
H 11	The more the content provider follows a <b>promoting strategy</b> the less <b>monetary relationships</b> he will maintain.
H 12	The more the content provider follows a <b>promoting strategy</b> the more <b>non-monetary relationships</b> he will maintain.

To test the model a *survey* was conducted. A standardized questionnaire was sent via email to nearly all content providers in the German speaking market. The respondents had the opportunity to complete the questionnaires directly at the screen and send it back via email or to fill out a printed version of the questionnaire and to fax or post it. Overall 309 companies had been detected as suitable participants within an investigation of the internet and were finally contacted. The respective informants had been reminded, via email and phone, twice. Twenty-one indicated that they would not transfer any content to a partner, which reduced the number of possible answers to 288. A total of 136 firms took part in the survey, which led to a response rate of 47.22 %.

Preliminary analysis showed no bias between early and late respondents. Due to the low level of missing values per item all indicators could remain in the analysis. The small number of missing values has been replaced by their means.

### 3 Analysis with Partial Least Squares (PLS)

Based on the hypotheses derived from the RBV the explanatory model has been analysed in a next step. As figure 1 and table 2 show we hypothesized the relationship between various constructs. To reduce the complexity and enhance the explanatory power of the model we operationalized the abstract constructs by more specific indicators. As *structural equation modelling (SEM)* deals with multilevel relationships between latent variables measured by multiple manifest items it seems to be the appropriate method of statistical analysis in the case on hand.

The procedures for estimating SEM can principally be separated into variance-covariance-based procedures such as *ML-LISREL* or *AMOS* and principal components regression based approaches such as *PLS*. In this case we chose PLS for testing the relationships in the model because it works with less restrictive requirements.

The most widely used variance-covariance-based procedure *ML-LISREL* uses the *maximum likelihood estimation method* and therefore several assumptions have to be fulfilled. Especially in situations of high complexity but low level of information some of the assumptions might be violated [10, p. 293]. Firstly, *ML-LISREL* needs large sample sizes ( $N > 200$ ) and relative few indicators and constructs for the algorithm to converge [16, p. 605]. PLS, however, is applicable to relatively small sample sizes and complex models [14, p. 450], [31, p. 590]. Regarding our survey the number of cases might not be sufficient for *ML-LISREL* to obtain proper results bearing the complexity of the models in mind. Secondly, while covariance-based methods depend on a multivariate normal distribution of the data, PLS makes no distributional assumptions. Therefore PLS is also applicable in situations with explorative character like our analysis where a multivariate normal distribution of the data cannot be ensured. Thirdly, formative indicators can be

handled much simpler by PLS. This means that the measurement model in PLS may not only include *reflective indicators* which are caused by an underlying construct (Mode A) but also *formative* ones which form the construct (Mode B) and hence act as an index [9, p. 269]. The PLS algorithm can deal with both kinds of indicators which leads to mode C if mode A and B are both integrated in one explanatory model. While the estimation of indicators in mode A follows a series of single regressions with the indicators as the dependent variables, the estimation of mode B is based on a multiple regression treating the indicators as independent variables. The distinction between formative and reflective indicators has often been neglected in the literature with the consequence of misspecified models and poor results [1, 20, 23]. Therefore, one really has to prove whether the change of the direction of one item will necessarily result in an alteration of the other items in the same direction. If this is not the case the indicators cannot be regarded as being reflective. In our case most of the variables as e.g. the “content-specific know-how” are formative measures. Here the indicators are independent from each other: A provider with a high level of editorial know-how can also have a high level of technical or market-specific know-how but it is not a compulsory relationship. Only the construct “name recognition” is measured in a reflective way. This implies that the values of the indicators brand awareness, image, established firm and traffic should co-vary with each other.

Having ensured a theoretically based model with appropriate specifications the PLS analysis can be conducted. The empirical PLS analysis and interpretation of the results are presented in *two steps*. In a first step the quality of the measurement model is assessed. Only in the case of *reliable* and *valid* measures of the latent variables a valuable analysis of the structural model and interpretation can be conducted [2, p. 417], [19, p. 198]. As PLS makes no distributional assumptions only *non-parametric tests* can be used to evaluate the explanatory model [5, p. 316].

The quality of *reflective measures* can be assessed by the *individual reliability* of the items as well as the *convergent validity* and the *discriminant validity* of the latent variables [19, p. 198ff.]. As formative indicators cause their constructs they do not have to be highly correlated with each other. Therefore formative indicators have to be evaluated according to their *content validity* [5, p. 367; 19, p. 201].

With name recognition we have only one reflective construct (see figure 1) for which the usual tests are applied. Regarding the *reliability of the items* table 3 shows that all loadings exceed the threshold level of 0.707 indicating that more than 50 percent of the variance in the observed variable is due to the construct [19]. Furthermore a *bootstrap test* shows high significance levels for all loadings. With respect to the *convergent validity* of a construct *Cronbach's alpha* [7] and the *internal consistency measure (IC)* developed by Werts, Linn und Jöreskog [30] should be used. Both measures differ in the fact that the IC takes individual loadings into account whereas Cronbach's alpha assumes a priori that each indicator contributes to its construct equally [4, p. 297]. Nevertheless the interpretation of the measures is similar and 0.707 should be exceeded in both cases [19, p. 199].

**Table 3.** Results of the Outer Model

	Proposed effect	Loadings, Weights	Observed t-value	Signif.-level 1-tail
<b>Content Equipment (formative)</b>				
Topics	+	0.708	4.274	0.000
Formats	+	0.537	2.542	0.006
<b>Know-how (formative)</b>				
Editorial	+	0.664	1.755	0.041
Market-specific	+	-0.254	0.572	0.284
Technical	+	0.767	1.977	0.025
<b>Name Recognition (reflective)</b>				
Brand Awareness	+	0.834	3.778	0.000
Strong Image	+	0.853	4.153	0.000
Established Firm	+	0.858	3.328	0.000
Sufficient Traffic	+	0.722	3.179	0.001
<b>Promoting Strategy (formative)</b>				
Increasing own Traffic	+	0.823	7.338	0.000
Index: Increasing Brand / Image	+	0.307	2.072	0.020
<b>Monetary Relationships (form.)</b>				
Mere Monetary Compensation	+	0.997	34.124	0.000
Monetary and Non-monetary Compensation	+	0.403	3.295	0.000
<b>Non-monetary Relations (form.)</b>				
Mere Non-monetary Compensation	+	0.992	53.650	0.000
Charge for Integration	+	0.125	2.467	0.008

Furthermore the *AVE* measure developed by Fornell and Larcker [15] should be considered. It measures the amount of variance of the indicator which is accounted by the construct relative to the amount due to the measurement error. Therefore the *AVE* should exceed 0.5 indicating that more than 50% of the indicators' variance can be captured by the construct. In our case Cronbach's alpha is 0.841 while the internal consistency measure (*IC*) is 0.890. Hence both values meet the respective marginal values. The same is true for the average variance extracted (*AVE*)-value of 0.670 which exceeds the required 0.5.

The *discriminant validity* is the traditional counterpart of the convergent validity. To evaluate to which extent measures of a given construct differ from other indicators of the latent variables the *AVE*-value can be used again. Overall the average shared variance of a construct and its indicators should exceed the shared variance with every other construct of the model. Therefore the root of *AVE* should surpass the correlation coefficient of the construct with every other construct of the model which is the case in the outlined model. Furthermore as a re-

flective indicator should load higher on its corresponding construct than on the other ones the cross-loadings should be examined. Additionally all indicators of the construct in question should have a higher loading than the indicators of further constructs. As there is only one reflective construct in the outlined model the examination of the cross-loadings is not appropriate in this case.

The other constructs of the model are caused by *formative indicators*. As formative indicators do not have to be highly correlated with each other the application of the mentioned measures is inappropriate. Rather, in order to investigate the quality of the formative indicators their *content validity* has to be evaluated [1, 9, 23, 24]. Diamantopoulos [8] and Finn, Kayande [13] however plead for generalized measures in this context. Hence, the effects and the weights resulting from a bootstrapping should be considered.

Table 3 presents significant values for the proposed effects and adequate weightings according to the conducted expert interviews [5], [19], [23]. Only the indicator "market-specific know-how" shows no significance. An investigation of multicollinearity demonstrates that the formative indicators "increasing own brand awareness" and "increasing own image" are correlated too much. Therefore an index was created by the means of these items. We had no further problems with multicollinearity as the Variance Inflation Factors (VIF) showed to be less than 2.0 in each case. Table 4 gives an overview of the VIFs of formative indicators.

**Table 4.** Overview of VIFs

	VIF
<b>Content Equipment (formative)</b>	
Topics	1.083
Formats	1.083
<b>Know-how (formative)</b>	
Editorial	1.018
Market-specific	1.374
Technical	1.391
<b>Promoting Strategy (formative)</b>	
Increasing own Traffic	1.257
Index: Increasing Brand / Image	1.257
<b>Monetary Relationships (form.)</b>	
Mere Monetary Compensation	1.040
Monetary and Non-monetary Compensation	1.040
<b>Non-monetary Relations (form.)</b>	
Mere Non-monetary Compensation	1.000
Charge for Integration	1.000

Furthermore the correlations between the exogenous variables showed to be relatively low:  $r(\text{content equipment, know-how}) = 0.04$ ;  $r(\text{content equipment, name recognition}) = 0.19$ ;  $r(\text{know-how, name recognition}) = 0.17$ . Nevertheless, in the very end the achieved explained variance ( $R^2$ ) of the endogenous constructs determines whether a theoretically sound exogenous construct is operationalized appropriately.

Based on a sound measurement model the *structural model* is estimated. For evaluating the inner model and testing the hypotheses, the path coefficient of the inner model as well as the  $R^2$  and  $R^2_{\text{adj}}$  of the endogenous latent variables have to be inspected. Although PLS provides a relatively unbiased estimation of path coefficients the method follows no distributional assumptions and does not present significance levels. Therefore a bootstrap, with  $N=100$  samples, will be run, providing t-values and 1-tail significance levels [11], [12], [18]. Table 5 presents the  $R^2$  and  $R^2_{\text{adj}}$  of the tested model which have to be evaluated at first.

**Table 5.**  $R^2$  und  $R^2_{\text{adj}}$  of the endogenous variables

	$R^2$	$R^2_{\text{adj}}$
Sales Strategy	0.300	0.275
Promoting Strategy	0.307	0.282
Monetary Relationships	0.531	0.523
Non-monetary Relationships	0.526	0.518

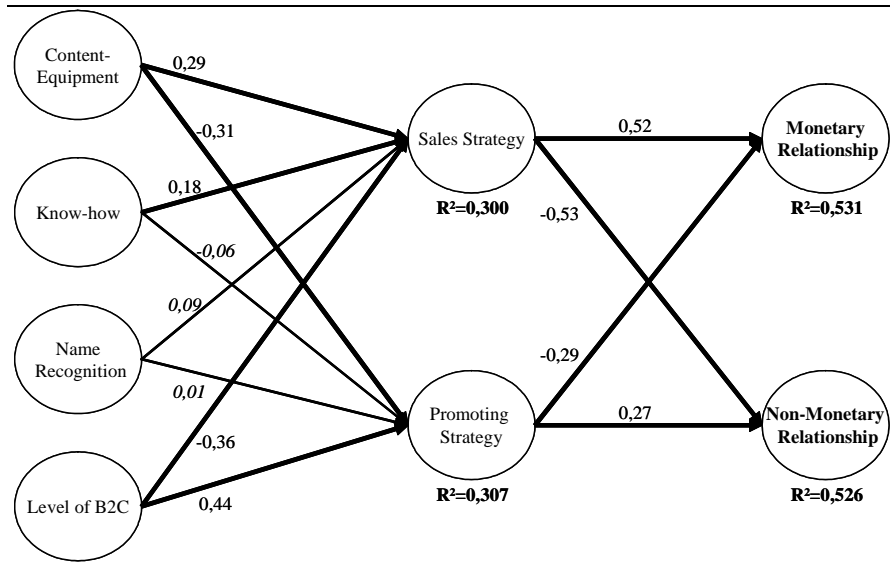
The results show that a substantial part of the variance of the latent constructs can be explained which also refers to a sound measurement of the model. Thereby the different strategies and monetary form of the relationships are explained to a comparable extent. Given the fact that cross-sectional regressions arrive at explained variance between 30%-40%, the nomological validity of model is satisfactory.

In a next step it can now be examined which hypotheses are supported by the analysis. Table 6 presents the path coefficient of the inner model along with the results of the conducted bootstrap. Figure 2 shows the results of the inner model graphically.

**Table 6.** Results of the Inner Model

	Hypothesized Effect	Path Coefficient	Observed t-value	Significance Level 1-tail
<b>Sales Strategy</b>				
Content Equipment	+	0.294	0.275	0.000
Know how	+	0.176	1.536	0.064
Name Recognition	+	0.090	0.845	0.200
Level of B2C	-	-0.355	4.642	0.000
<b>Promoting Strategy</b>				
Content Equipment	-	-0.310	-0.317	0.000
Know-how	-	-0.056	0.486	0.314
Name Recognition	-	0.006	-0.025	0.483
Level of B2C	+	0.438	4.410	0.000
<b>Monetary Relationships</b>				
Sales Strategy	+	0.524	4.936	0.000
Promoting Strategy	-	-0.292	3.064	0.001
<b>Non-mon. Relationships</b>				
Sales Strategy	-	-0.538	5.748	0.000
Promoting Strategy	+	0.272	3.561	0.000

**Fig. 2.** Results of the Inner Model



Nine of the twelve hypotheses are supported while three show no significance. Every significant relationship is characterized by a path coefficient  $> 0.1$  and can therefore not be neglected [25, p. 4356]. The sales strategy of the provider is influenced by the level of B2C, the content equipment, and know-how of the provider in descending order. The same holds for the promoting strategy with reversed sign although there is no significant relationship between the know-how and this strategy. Additionally, the name recognition of the provider has no influence on either strategy.

For further *cross-validation* of the model the data-splitting approach is applied as simultaneous methods like the Stone-Geisser approach are only applicable for mode A models (reflective constructs). The sample was randomly split into an estimation sample and a hold-out sample. According to the recommendations of Steckel and Vanhonacker [26] 75% of the cases were used for the estimation sample while 25% created the hold-out sample. As we are thereby implicitly testing the *predictive validity* of the model, it is advisable to include only the relationships with an observed t-value  $> 1$ . In this case only relationships are considered that have a higher information value than white noise [17, 6]. Table 7 gives an overview of the results.

**Table 7.**  $R^2$  und  $R^2_{adj}$  of the endogenous variables

	Sales Strategy	Promoting Strategy	Monetary Relationships	Non-monetary Relationships
r	0.443	0.515	0.852	0.841
r <sup>2</sup>	0.197	0.265	0.726	0.708
R <sup>2</sup>	0.300	0.307	0.531	0.526

High correlations (r) between the calculated and observed values of the hold-out sample (0.443 to 0.852) indicate a good predictive validity of the model and the generality of the results. The same is shown by the small difference between the calculated r<sup>2</sup> and the R<sup>2</sup> of the hold-out sample.

For managerial purposes it is not so much the significance that counts but the differential effects of the variables. One way is to assess whether a predictor variable has a substantive influence on the dependent variable which can be explored through the *effect size*  $f^2$ :

$$f^2 = \frac{R^2_{included} - R^2_{excluded}}{1 - R^2_{included}}.$$

$R^2_{included}$  respectively  $R^2_{excluded}$  indicate the R<sup>2</sup> of the dependent variable when the independent variable is included or excluded as predictor of the dependent vari-

able. The higher  $f^2$  the greater the influence of the independent construct whereby values of 0.02, 0.15 and 0.35 can be regarded as small, medium or large respectively [5, p. 317]. The results are given in table 8.

**Table 8.** Effect Sizes of the Latent Variables

	$f^2$	Rating
<b>Sales Strategy</b>		
Content Equipment	0.120	small
Know-how	0.041	small
Name Recognition	0.011	
Level of B2C	0.174	middle
<b>Promoting Strategy</b>		
Content Equipment	0.128	small
Know-how	0.004	
Name Recognition	0.001	
Level of B2C	0.268	middle
<b>Monetary Relationships</b>		
Sales Strategy	0.371	large
Promoting Strategy	0.115	small
<b>Non-monetary Relationships</b>		
Sales Strategy	0.416	large
Promoting Strategy	0.105	small

Another way is to calculate the *total effects* that single indicators have on the determination of either a monetary or non-monetary compensation policy. Table 9 shows the results. Of course, the total effects of indicator antecedents can only be computed for formative indicators.

The results show that the providers actually follow two different strategies, namely a sales and promoting strategy. Both can be regarded as antipodal to each other as most of the respective path coefficients have roughly the same value with reversed signs. Hence, the providers either aim at an increase of direct profits and regard the internet as further distribution-channel of their content or intend to improve the own traffic, image or name recognition. Here the results of the measurement model show that a growth of traffic is more important than the other goals.

Both strategies are explained by the proposed content relevant resources of the providers which influence the strategies to different extents. As the resources have an impact on the strategies they also influence the form of remuneration of the provider. Overall the resourced-based view of a firm can therefore be regarded as a suitable theory in our case.

**Table 9.** Importance of the Indicator Antecedents on the Compensation Policy

<b>Monetary Relationships</b>				
Importance Interval	Positive Total Effects		Negative Total Effects	
> 0.20	Generating direct Profits	0.520	Level of B2C Increasing own Traffic	-0.315 -0.239
0.20	Content Topics	0.170		
- 0.11	Content Formats	0.129		
0.10	Technical Know-how	0.085	Increasing Brand / Image	-0.089
- 0.05	Editorial Know-how	0.074		
< 0.05	Name Recognition	0.044	Market-specific Know-how	-0.028
<b>Non-Monetary Relationships</b>				
Importance Interval	Positive Total Effects		Negative Total Effects	
> 0.20	Level of B2C Increasing own Traf-	0.310 0.222	Generating direct Profits	-0.530
0.20			Content Topics	-0.168
- 0.11			Content Formats	-0.128
0.10	Increasing Brand / Image	0.083	Technical Know-how Editorial Know-how	-0.086 -0.074
- 0.05				
< 0.05	Market-specific Know-how	0.028	Name Recognition	-0.045

## 4 Discussions of the Results

Table 9 summarizes the importance of single indicators (if formative) and constructs (if reflective) on the choice of the monetary or non-monetary relationship. Indicators and constructs are sorted with respect to a positive or a negative influence. Furthermore, they are classified into importance intervals according to their total effects. The results illustrate that the level of B2C has the biggest impact on the choice of either using the content for increasing direct profits (sales strategy) or for raising own traffic, brand awareness and image (promoting strategy) and finally on the monetary form of the relationships. As a result, the management of the content has tightly to be coupled with the further activities of the provider. Consequently, the content can be seen as a suitable alternative form of advertising.

Hence one has to compare the earnings, which could be gained with a special kind of content with the cost reduction of advertising when content is used as an alternative.

Furthermore, it was demonstrated that the content equipment also has a high influence on the strategies and the compensation policies negotiated for the partnerships although it is lower in comparison to the level of B2C. The higher the amount of content suitable for syndication, e.g. without the limitation of property rights, the more the provider will seek for a sales strategy. As indicated in table 9, the content topics are much more important than the formats, as text is still the most syndicated and demanded kind of content. Like the level of B2C the content equipment has a similar impact on both strategies.

The results show that the content-specific know-how has an impact on the sales strategy. The more knowledge the provider possesses the more the provider follows a sales strategy whereas no relationship between the know-how and the promotion strategy could be confirmed. As the results also show the impact of the market-specific know-how on the strategies and the compensation of the provider can be ignored while the technical know-how is more important than the editorial know-how.

Finally we can maintain that name recognition has a negligible impact on the choice of strategy and compensation policy. As a result it is not ensured that firms with high name recognition like publishing houses follow a sales strategy whereas start-ups with a low level of name recognition primarily embark on a promoting strategy. To sum up the choice of strategies is sufficiently explained by its antecedents.

Regarding the fit-problem between the marketing strategies and compensation policies it can be shown that the strategies explain a substantial part of the outcomes “monetary” and “non-monetary partnerships”. Nevertheless, the results illustrate no definite link between the strategies and the form of the partnerships. Providers who follow a sales strategy also work under non-monetary partnerships and vice versa. As the results show the sales strategy has a higher impact on either form of the relationship. More providers agree to form a monetary relationship although they follow a promoting strategy than the other way round. This implies that additional factors might have an impact on the monetary form of the relationship. Here one might assume that not only providers but also the content subscribers influence the financial form of the relationship and therefore also their resources and strategies might have an impact in this context. This has to be discovered in further investigations.

## 5 Conclusion and Outlook

This article illustrates how a strategy study in marketing can be analyzed with the help of PLS thereby providing more detailed and actionable results. We also discuss additional methods by which the explanatory power of the analysis can be increased. In our case PLS turned out to be the adequate statistical method. First, complex measures had to be operationalized by more specific indicators, marketing instruments in our case, which proved to be formative in the most cases. Only by using PLS it was possible to extract the influence of every single formative indicator on the final constructs, i.e. the monetary form of the partnerships. Second, PLS allows for more degrees of freedom so that a complex model could be estimated with a number of cases that would not be sufficient for ML-LISREL. Third, PLS does not work with distributional assumptions while significance tests can still be carried out with the help of bootstrapping. To sum up, we recommend the use of PLS for future strategy studies in marketing because it is possible to extract the drivers at the indicator level so that detailed recommendations can be given for managing marketing instruments.

Our analysis shows that content providers follow certain strategies in their compensation policy with respect to their customers. The choice of the policy can be explained by the resource based view and may serve as recommendations. While this is based on sales results only, further studies should include also the cost side. Finally, this analysis is carried out from the viewpoint of the content provider while the compensation contract is also influenced by the situation of the content subscriber which also has to be taken into account.

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