

FACTORIAL ANALYSIS APPLICATION IN POLITICAL MARKET - CASE OF ALBANIA

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Abstract

The purpose of this paper is to identify the key elements that affect the behavior of the electorate's political marketing in Albania. By factorial analysis it is proven that voters are more influenced by political product, political advertising, public relations and direct marketing. A better focus by the political parties in these elements provides a growing group of loyal voters and ensures swing voters support. Political marketing has attracted the attention of political actors in recent years in Albania. The importance of political marketing makes political actors not only act, but also to think in terms of marketing. Marketing discipline encourages businesses to understand their customers in order to provide those products and services needed.

Key words: Factorial analysis, Marketing, Political marketing

JEL Classification: M 31

1. Literature Review

In politics, parties are representative of the people, so they need to understand or at least find out what the electorate wants in terms of public policy and civic leadership. Using the tools and techniques of marketing in a political context, generally known as political marketing, has become increasingly common in developed democratic countries, e.g. the United States, Canada, Western Europe, in the last 30 years (Lees-Marshment 2001, Newman 1994). The election campaigns of Margaret Thatcher and Ronald Reagan, respectively during 1979 and 1980, are generally seen as the beginning of the application of marketing methods in the political sphere. Since that time, the candidates running for all levels of government have become more sensitive and more experienced in terms of marketing and tend to the needs of the voters (Hamburger and Wallsten 2006, Newman 1999). All studies show that this trend is expected to continue in the future, which means that marketing will play an increasingly important role in election outcomes (Newman 2001). So it

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is very important that marketers understand how to affect the electorate expertise and skills.

According to (Kotler, 2003), "Marketing Management is the art and science of choosing target markets, customer retention and growth through the creation, dissemination and communication of a superior value." On the other hand, political marketing is the marketing of ideas and opinions that relate to public or political issues or individual candidates. (Clemente, 1992 and Butler & Collins, 1994).

Political marketing is simply "marketing that aims to influence public intended to vote for a person, party or certain proposals" (American Marketing Association, 2007).

(Wring, 1997) Party or candidate uses pollsters opinion or analysis environment to produce and promote a competitive offer which will help in achieving organizational objectives and satisfy voter groups in exchange for their vote.

Mauser (1983) adds, "Political Marketing is a set of practical procedures to identify effective strategies used in the campaign based on the principles and modern marketing techniques."

Newman (1999) elaborates on this definition by describing political marketing as "the application of marketing principles and procedures in political campaigns by individuals and organizations. Procedures used include analysis, development, execution and management of strategic campaigns by candidates, political parties, governments, lobbyists and interest groups that seek to promote the public, assist in the progress of their ideologies, win elections, and pass laws responding to the needs and desires of people and certain groups in society. "

Butler and Collins (1994) argue that political marketing is "marketing ideas and opinions relating to public issues or political or particular candidates. In general, political marketing is intended to have an impact on people's votes during elections. However, political marketing uses many of the techniques used in the marketing of products, such as advertising, public relations and direct marketing, etc."

Lees-Marshment (2001) argue that political marketing is related to the fact that "political organizations use business concepts and marketing techniques to help them achieve their goals.

Marketing consists of actions taken to obtain the desired responses, including behavioral responses such as votes or support from their target audience. Marketers analyze what they expect parties and voters through mutual interaction (Kotler, 2003). For example, politicians want trust and commitment (Henneberg, 2004), long-term electoral success (Ingram & Lees-Marshment, 2002), brand loyalty and long-term support or loyal voters (O'Cass, 1996), and the maximum electoral support (Wring, 1997). Voters want

information and political facts, reliable, intellectual and honest leaders, (Newman, 2001), better governance and policy (O'Cass, 1996).

Political marketing management has reached such a conceptual level that parties/governments to some extent are "oriented voters" that can be paralleled as an analogy with the orientation of clients in business marketing. Political marketing is to focus on exchange relations, a long-term perspective, while the voters oriented business marketing concept "relationship marketing" is aimed at creating long-term benefits for all parties involved (Henneberg, 1996). This is analogous to mutually satisfying relationships with key stakeholders - customers, suppliers, distributors - in order to obtain and maintain preferences and businesses in the long run.

A deeper comparison in political marketing business marketing tells us that a large set of business concepts and marketing tools are used in political marketing. According to Shama (1976), some well-known concepts of business marketing as sellers and buyers, consumer behavior, market segmentation, image, brand loyalty, product concept and product positioning are also political marketing concepts. Also some popular tools used in business marketing as market research, media, publicity, factorial analysis, discriminate analysis, etc., are extensively used in political marketing. Table 1.1 presents the similarities between business marketing and political marketing.

Table 1.1. Similarities between political and business marketing

Business Marketing	Political Marketing
Products	Candidate
Product Image	Candidate's image
Product positioning	Positioning of the candidate
Product Publicity	Publicity of the candidate
Personal Sale	Face to face meeting with the voters
Product Manager	Candidate Manager
Brand Loyalty	Party Loyalty
Clients	Voters
Segmentation of the market	Segmentation of the pool of available voters
Customer satisfaction	Voter satisfaction
Customers' opinion leaders	Political opinion leaders
Customers market	Voters market
Customer search	Voter search
Marketing campaigns	Political campaigns

Source Shama 1976

Political marketing is related to communication with party members, the media and potential sources of funding and the electorate. Parallel objectives regarding the members, collecting votes do not have the same equivalence in

most traditional marketing situations. The authors can identify some significant areas in which political marketing is different

1. In the case of any election whether parliamentary or local elections, all voters make their choice within one day.
2. Despite that it may be argued that there are individual's long-term cost in elections, the fact is that there is no price associated directly or indirectly with the vote or election of a party.
3. Although the current action ballot may not have a price associated with it, a voter must live with the collective choice even when it was not his preference.
4. Political party or candidate is a product of immune complex and the voter cannot separate them from each other.
5. Although there may be ways to influence the direction of the parties at the local or national level which has similarities with traditional modifications made to products or brand extensions, the possibility of introducing a new brand in the form of a new party is relatively small.
6. In most marketing situations, brand leaders tend to hold this position. In politics, since governments can win successive elections, there seems to be an increased tendency to remain behind in opinion polls between elections.

These key differences between electoral elections and election related to customer purchases pose clear challenges to marketing, both from the theoretical sense as well as practical challenges that need to be analyzed in a systematic way.

2. Politics as an industry and campaigns

Although the policy is a non-profit activity, ideally it is a business sector that is growing rapidly. Politics is becoming an increasingly large industry over the years. Campaigns are becoming more costly. Most of the money is being spent on television advertising campaign, promotional materials, rallies and political consulting services.

During the election campaign for the parliamentary elections of June 28th 2009, according to audit reports the total amount spent by political parties is 66,599,376 ALL. The three main parties the Democratic Party, the Socialist Party and the Socialist Movement for Integration, accounted for 77% of total expenditures, respectively 43%, 28% and 6%.

Publicity expenses occupied a central place in total expenditure that were carried out during the June 2009 parliamentary election campaign. Specifically,

publicity expenses realized in the mainstream media in the country for three main parties DP, SP, SMI occupy respectively 21%, 51% and 66% of total expenses realized during the campaign by either party.

Foreign consultancy offered by lobbying groups is another important item of expenditure that have carried out the three main parties in the election campaign. Accordingly, DP consultancy costs account for 29% of total expenditure, SP 8% and 26% of total expenditure for the SMI.

Transparency declaration of actual expenditure by political parties is a very controversial issue which is also put into question by the following results which are inconsistent with the statements of the parties. According to the study conducted by the Institute for Research and Developmet Alternatives (IRDA) on "Promoting Financial Transparency and Accountability of Political Parties in the General Elections of Albania" for the June 2009 elections if we get only one element of political marketing used during parliamentary elections this year, we see that there is a discrepancy between the amounts declared and the results of this study. Table 1.2 shows the costs for publicity carried out by the three main parties according to audit reports and IRDA study

Political Party	Spending according to the report of the Central Election Council	Spending according the IRDA
DP	32,855,779	67,488,905 – 74,987,672
SP	67,056,776	36,944,076 – 41,048,973
SMI	11,550,695	8,325,695 – 9,250,772

The high level of spending during the election campaigns so naturally stimulates the question as to why follow this model. The obvious answer lies in marketing. "This dependence on expensive publicity is a key factor behind the increase of the cost to run for office. This rising cost is considered by some as discouraging to candidates who have not about wealthy donors, or do not have the money itself "(Francia 2001). However, most of the rising costs of campaigns comes from greater use and trust in traditional media, and the use of sophisticated marketing techniques such as telephone surveys.

3. The methodology

The methodology used in this paper combines primary data with secondary ones. Secondary data are the result of the analysis of a wide and contemporary literature on political marketing. Primary data is based on the analysis of data

collected via questionnaires. The sample obtained in the study is approximately 650 randomly selected individuals in 11 units of Tirana, Kamez and Vora municipality, and the municipalities Berxull, Fark, Kashar, Ndroq, Peza, Preza, Vaqarr, Baldushk, Berzhite, Dajt, Paskuqan, Petrele, Shengjergj, Zall-Bastar, Zall Herr and Krrabë. The participants in the study are individuals who have earned the right to vote, which means that they are 18 years and older. 638 individuals really responded to the questionnaire.

Within each group, individuals were selected by PPS method that is proportional probability selection according to population size. Allocation of selection is proportional to the population interviewed. Interviewing method used is direct interview of selected persons. Data collected from the questionnaire are cast to be processed in the statistical program SPSS 17.0. Since the variables in this study are qualitative, a classification was needed before inputting them unto the program.

4. Analysis and interpretation of results

Factorial analysis is a set of procedures that are used primarily for the reduction and collection of data. In marketing research there can be a large number of variables, most of whom are correlated, which should be reduced to a manageable level. In this analysis we examined the relationship between several variables related and presented them in terms of a few key factors. In the case of factorial analysis each variable is expressed as a linear combination of key factors.

For the analysis of the main components in our case we have analyzed intra-relations between some political marketing variables that affect the behavior of the electorate. Observed variables are:

- V1- Party ideology
- V2- Party program on economic and social problems
- V3 - Party leader personality
- V4 - The image of the party
- V5 - Advertising on TV
- V6 - Advertising on radio
- V7 - Billboards
- V8 - Posters or leaflets
- V9 - Internet (Facebook)
- V10 - Calls (SMS)

- V11 - Personal meetings
- V12 - Politicians' statements
- V13 - News on TV
- V14 - Newspaper articles
- V15- Party program about national issues
- V16- Party program on your surroundings
- V17 - TV debates

Cronbach value (alpha) for the reliability of the scale used is 0862 (> 0.7), the acceptable limit for the further analysis of these variables. Components analysis was used to identify the factors leading to its value greater than 1 and varimax rotation (since it is required for all factors not to be co-related) to more easily interpret factor loads. Its values indicate factor variance explained by each factor. Loads of factors, i.e. the correlation coefficients between the variables and factors are chosen to be greater than 0.55. Percentage of variance of a given variable can be explained by factors called the common variance, and in the case under study the variance is greater than 0.4.

Table 1.4 presents the results of tests of Kaiser-Meyer-Olkin (KMO) and Bartlett. It can be seen that for the Bartlett test $\chi^2(136) = 3832.827$, $p < 0.001$ of the correlation matrix is therefore different statistically unit matrix in which the variables may not correlate with each other. Thus, the variables are suitable to perform a factor analysis. KMO index = 0885 (greater than 0.60) shows that the variables are suitable for factor analysis.

Table 1.4. KMO dhe Barlett Tests

Kaiser-Meyer-Olkin Index		.885
Bartlett Test	χ^2	3832.827
	df	136
	Sig.	.000

Table 1.5 presents the total variance explained, which is one of the most important tables because it contains its own values for each factor, the percentage of variance explained by each factor obtained as well as cumulative percentage of variance explained by all factors before and after rotation (varimax). (Labar, 2008)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.583	32.839	32.839	5.583	32.839	32.839	3.226	18.976	18.976
2	2.450	14.414	47.253	2.450	14.414	47.253	2.973	17.490	36.465
3	1.374	8.081	55.334	1.374	8.081	55.334	2.343	13.784	50.250
4	1.001	5.886	61.221	1.001	5.886	61.221	1.865	10.971	61.221
5	.784	4.610	65.830						
6	.713	4.192	70.022						
7	.678	3.988	74.011						
8	.642	3.778	77.789						
9	.607	3.573	81.362						
10	.531	3.126	84.488						
11	.502	2.952	87.439						
12	.407	2.396	89.835						
13	.398	2.343	92.178						
14	.374	2.199	94.378						
15	.341	2.008	96.386						
16	.335	1.973	98.359						
17	.279	1.641	100.000						

Extraction Method: Principal Component Analysis

Thus, factor 1 explains 32.84% of the variance of the variables, factor 2 explains 14.41% of the variance of variables, factor 3 explains 8.01% of the variance of variables, factor 4 5.89 explains variance variables and the four factors together explain 61.22% of the variance total variables.

Table 1.6 presents the correlations between variables and factors is one of the most important tables of the results of the analysis. In this table, load factors are chosen to be greater than 0.55. Four factors obtained from the first factorial analysis variables contained in them can be defined as a political product, political advertising, public relations and direct marketing. Factorial analysis was used to reduce the list of variables considered in the study that affect the behavior of the electorate in a limited set of variables that have the greatest importance. So, the analysis shows that voters are more influenced by political product, political advertising, public relations and direct marketing. A better focus by the political parties in these elements provides growing and loyal voters.

Tabela 1.6. Factorial analysis for political marketing elements

		Components			
		1	2	3	4
V2	Party program on economic and social problems	0.804			
V15	Party program about national issues	0.734			
V3	Party leader personality	0.692			
V16	Party program on your surroundings	0.665			
V4	The image of the party	0.648			
V1	Party ideology	0.634			
V7	Billboards		0.813		
V6	Advertising on radio		0.792		
V8	Posters or leaflets		0.776		
V5	Advertising on TV		0.775		
V13	News on TV			0.792	
V14	News paper articles			0.733	
V17	TV Debates			0.731	
V12	Politicians' statements			0.557	
V10	Calls (SMS)				0.726
V9	Internet				0.689
V11	Personal meetings				0.681

Conclusions and recommendations

Political marketing is closely related to political campaigns. From the perspective of marketing, political campaigns can be seen as an attempt to identify the desires and needs of consumers / voters, which can then be satisfied by the political promise of a service or product.

Political marketing is much more than political publicity. A common misconception in political science circles is that advertising and marketing are essentially the same. Political publicity is one of the most expensive, but it is only one of several elements that are included in the category of political marketing.

Electoral campaigns in Albania are "Americanized". Electoral campaigns carried out on the basis of polls, media mock results, and personalization campaigns to key leaders of parties and negative publicity as one of the key elements used in publicity campaigns are the main elements of the "Americanization" campaign in Albania.

Four factors obtained from the first factorial analysis variables contained in them can be defined as a political product, political advertising, public relations and direct marketing. A better focus by the political parties in these elements provides growing and loyal voters the opportunity to expand the number of voters supporting.

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