

“Digital marketing and customer orientation as predictors of sustainability in tourism SMES”

AUTHORS	Nancy Tupac Yupanqui Lima  Karla Liliana Haro-Zea  Robin Alexander Díaz Saavedra 
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Nancy Tupac Yupanqui Lima, Master Student in Business Administration, Faculty of Business Sciences, Graduate School, Universidad Peruana Unión [Peruvian Union University], Peru.

Karla Lilitiana Haro-Zea, Doctor in Strategic Planning and Technology Management, Ph.D. in Sustainable Development, Professor, Faculty of Engineering, Administrative and Social Sciences, School of Management, Universidad Autónoma de Baja California [Autonomous University of Baja California]; Member of the National System of Researchers (SNI), Mexico. (Corresponding author)

Robin Alexander Díaz Saavedra, Graduate Student in Marketing and International Business, Faculty of Business Sciences, Department of Management, Universidad Peruana Unión [Peruvian Union University], Peru.



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Nancy Tupac Yupanqui Lima (Peru), Karla Lilitiana Haro-Zea (Mexico), Robin Alexander Díaz Saavedra (Peru)

DIGITAL MARKETING AND CUSTOMER ORIENTATION AS PREDICTORS OF SUSTAINABILITY IN TOURISM SMEs

Abstract

Digitalization in the business world is one of the crucial milestones that has generated great expectations and levels of importance in different business sectors, which is why this study aimed to analyze the influence of digital marketing and customer orientation on the sustainability of tourism small and medium-sized enterprises (SMEs) in Cusco, Peru. For the generation of the items, an evaluation of the sufficiency, coherence, clarity, and relevance was made by means of an expert panel of five professionals and five academics from the area of marketing and sustainability from three countries (Colombia, Peru, and Mexico), who have more than 20 years of experience. The fieldwork was carried out through convenience sampling with 516 companies in the tourism sector. The data were collected through a survey online in Google Forms, distributed through social networks: WhatsApp, Instagram, Facebook, LinkedIn, and email in Cusco, Peru, during July and August 2022. The confirmatory analysis was performed. In the theoretical model analysis, an adequate fit was obtained, $\chi^2 = 303.74$, $p < .001$, $IFC = .934$, $RMSEA = .078$, $SRMR = .054$, with an appropriate internal consistency (digital marketing $\alpha = 0.95$, customer orientation $\alpha = 0.96$, sustainability $\alpha = 0.90$).

Keywords

digital marketing, customer orientation, tourism, model, scale

JEL Classification

M31, D12, Z32

INTRODUCTION

In a globalized world, business is a factor for corporate development; thanks to rapid communication and technology, companies are internationalizing their operations and activities (Kotler & Armstrong, 2013). Filipović (2020) pointed out that it is essential to implement digital marketing strategies in companies to achieve business success, which is relatively unexplored in its entirety. Since the 90s, digital marketing has been developed as a relevant element of SMEs. This is because consumers are constantly connected to social networks and websites and find information of interest through search engines such as Google. If a company does not have an internet presence, it cannot sell its services. In this sense, Kotler and Armstrong (2013) argued that the digital marketing problem is global. So then, the Internet and social networks have transformed purchasing behavior and the way of doing business. The impact of digital marketing on SMEs in the COVID-19 scenario has been positive, given that it boosts sales and reduces costs. In such a way, SMEs were forced to implement digital strategies to reach customers in times of uncertainty (Barrio de Mendoza et al., 2020).

The problems currently faced by SMEs in Peru are the scarcity of digitalization and innovation to improve their competitiveness and lower

costs, limited access to financing, which means that MSMEs have difficulty adapting to the competitive world and face challenges to grow and develop, as well as business management, since most of them lack an administrative and operational structure that prevents them from making strategic decisions (Lima Chamber of Commerce, 2022). Similarly, PROMPERU, in its programs, expresses the need to promote actions that revolve around sales, digital marketing, segmentation, innovation, tourism revenue management, branding and corporate identity, and how to participate in alliances, fairs and workshops (Comision de Promoción del Perú para la Exportación y el Turismo, 2023).

Therefore, SMEs that still do not use digital marketing are less competitive than companies that use new tools to do business through information and communication technologies (ICT) and the Internet. That is why SMEs, as a result of the pandemic, reinvented the services offered to their clients, and this is how digitization affects the economic dynamics (Bermeo-Giraldo et al., 2022).

Kohli and Jaworski (1990) suggested that the orientation of the market is the dissemination and generation of information throughout the organization and the appropriate response to consumers' current and future needs. Thus, the importance of digital marketing and customer orientation lies in guiding companies to capture their target audience, and these, in turn, must be able to understand what the market says in its macro environment to achieve sustainability.

1. LITERATURE REVIEW

The concept of marketing is based on four essential pillars: (a) marketing of the destination, (b) satisfaction of the latent needs of the consumer, (c) organizational focus fused with the interests of the client, and (d) profitability in the long term (Kotler & Keller, 2006). Instead, digital marketing explains different digital platforms where the public is engaged and digital data and customer relationships are managed (Ellis, 2006). In the last three decades, digital marketing has evolved exponentially. At the same time, it has been studied from different angles and applied to various business sectors since it allows companies to direct their efforts to attract and capture potential customers and retain existing ones, using digital media to impact brand positioning against competitors (Cortés, 2011). In addition, Jacome (2017) stated that implementing adequate promotion methods, evaluation mechanisms, control of marketing, and introducing new products in the market can improve profitability, competitiveness, and positioning as a leading company.

Regarding customer orientation, Grinstein (2008) showed that customer orientation contributes considerably to companies' performance, more than innovation. In the same way, Kohli and Jaworski (1990) stated that to focus on customers, organizations must know the preferences of their cur-

rent and potential customers, their competitors, and how they affect the needs and preferences of customers. Market orientation is made up of three behavioral components: (a) customer orientation, (b) competitor orientation, and (c) inter-functional coordination; these focus on profitability in the long term (Kohli & Jaworski, 1990; Narver & Slater, 1990). Although scientists have studied the economic effect of customer orientation since the 1990s (Deshpande et al., 1993; Ellis, 2006; Jacob, 2006; Narver & Slater, 1990; Ruekert, 1992), the nature of customer continues to be a matter of permanent debate. Therefore, there are different approaches to the conceptualization of customer orientation: as decision-making (Shapiro, 1988), as a market business logic (Kohli & Jaworski, 1990), as corporate culture (Narver & Slater, 1990), and as a strategic approach to marketing (Ruekert, 1992). Besides, Deshpande et al. (1993) stated that customer orientation sets values and beliefs that prioritize the interest of the customer without detracting from the managers and owners to develop a profitable company in the long term.

Regarding sustainability, this lacks an indisputable definition. However, many find the Bruntland Commission's description necessary: sustainability requires "meeting the needs of the present without compromising the ability of future generations to meet their own needs" (Borowy, 2013). For companies, sustainability is often explained

as the triple bottom line or people, planet, and profit (Clarke-Sather et al., 2011). In this line, Sen (2013, p. 7) has tried to bring companies closer to the approach of freedom and rationality instead of thinking of it as an obligation toward sustainability. The World Commission on Environment and Development (1987) states that it is the utilization, investment control, and preparation for technology development and business revolution following existing and future requirements. In addition, Ferro et al. (2019) stated that sustainability is vital for today's society, and protecting the environment is an essential objective concerning companies' concern for making money. Business development policies in SMEs should focus on innovation, creativity, and new product development to maintain market competitiveness (Nawi et al., 2020).

In this context, some studies propose models of customer-focused digital marketing in SMEs. For example, El-Gohary (2012) studied the various factors influencing the adoption of e-marketing of small Egyptian tourism organizations. Gnizy (2019) developed a model to analyze the impact of international marketing capabilities on marketing strategy and business performance. In addition, Kitsios et al. (2022) investigated the determinants that affect clients' trust in the information collected in tourism social networks. On the other hand, Shaltoni (2006) designed a scale to measure orientation to marketing in B2B markets. Shaltoni and West (2010) also developed a scale to measure and validate the orientation to e-marketing in service companies in Taiwan. By contrast, Melović et al. (2020) evaluated the transition to digitization and the use of e-marketing in business, promotion, and brand positioning. In the same way, Chatterjee et al. (2022) identified the determinants that impact the corporate digital entrepreneurship of SMEs, who studied the role of artificial intelligence, customer management capacity, and strategic plan. However, previous studies have not examined digital marketing and customer orientation as predictors of the sustainability of tourism SMEs.

In this line, digital marketing directly influences customer orientation since it determines how the product or service solves the anxieties of customers and buyers. Therefore, to focus on customers, companies need to collect information about

the expectations of their users (Kohli & Jaworski, 1990). Similarly, the effects of contextual marketing and customer orientation strategies are influenced by the type of web design but not by consumer privacy concerns (Luo & Seyedian, 2003). Additionally, there is a need to create digital solutions driven by the client and the community in real time; content can be a competitive advantage (Rakic & Rakic, 2014).

Similarly, customer orientation is related to environmental sustainability in SMEs because it is essential to focus the efforts of marketing and relationships to reduce the existing gap in knowledge about environmental aspects and impacts. Related to this issue, B2B studies show that the relationship between market orientation and business performance is mostly positive (Narver & Slater, 1990). In addition, customer orientation and value proposition are directly related to sustainability, including a better understanding of the value customers place on sustainable products and businesses (Crittenden et al., 2011).

Similarly, marketing and sustainability are related; this is because both imply social action that is environmentally responsible, meets the current consumer needs and businesses, and, at the same time, preserves or improves the environment. Sustainability works on the triple bottom line approach: people, planet, and profit, according to the Brundtland Report (Chatterjee, 2011). Therefore, digital marketing uses sustainability to build strong stakeholder relationships (Diez-Martin et al., 2019). In the same way, digital consumer behavior can influence sustainability by driving consumer engagement, so there is a gap between socially conscious consumers who buy green products and those who do not; digital marketing needs to consider this (Zontangos & Anderson, 2004).

SMEs are an essential part of the tourism industry, as they often provide personalized and unique experiences that larger businesses may be unable to offer (Kahveci, 2023). As for Al-Hazmi (2021) study states that it is a latent need to train workers in the travel and tourism sector, to improve the spirit of a team among them and the development of related processes to provide tourism services to customers. On the other hand, Kim et al. (2017),



Figure 1. Theoretical model

studied the effects of the quality of tourism information in social media on destination image formation and as a result suggest that various content cues and web page design as a non-content cue are positively related to cognitive and affective imagery, leading to a conative image.

As has been pointed out, there is evidence that customer-oriented digital marketing plays a vital role in business performance and impacts its sustainability. Therefore, this paper aims to analyze the influence of digital marketing and customer orientation on the sustainability of tourism SMEs in Cusco, Peru, in such a way that it serves as a starting point for decision-makers of tourism SMEs.

Following the literature review, the study develops the theoretical model (Figure 1) and elaborates on the following hypotheses:

H1: There is a significant influence of digital marketing on the customer orientation of tourism SMEs in Cusco, Peru.

H2: There is a significant influence of customer orientation on the sustainability of tourism SMEs in Cusco, Peru.

2. METHODOLOGY

This work used a quantitative approach of a basic type because it started from existing theories to analyze the problem raised. Data collection was used to test the hypothesis and find the causal relationship; in this sense, this study was measured through numerical and percentage data (Hernández-Sampieri & Mendoza-Torres, 2018). It has a causal correlational scope since the relationship or degree of association between two or more variables is presented. That is the degree of correlation between digital marketing, customer orientation, and sustainability of SMEs (Hernández-Sampieri & Mendoza-Torres, 2018).

By the common thread of the methodological strategy, the study considered the application of a non-experimental research design because the variables were not deliberately manipulated, and they were evaluated as their nature was.

This study used the SEM approach. It is a multivariate statistical tool also known as the analysis of the structure of covariances. It is one of the most powerful tools for studying causal relationships in non-experimental data, as it helps select relevant causal hypotheses and discard those not supported by empirical evidence (Medrano & Muñoz-Navarro, 2017). Thus, it was possible to measure digital marketing and customer orientation as predictors of sustainability in tourism SMEs.

For the elaboration of the instruments, three stages were considered: (a) generation of the items, (b) data collection, and (c) confirmation of the latent structure (Kim et al., 2012). An exhaustive search was carried out in the literature to generate the items, and 3 instruments were chosen to measure the study variables. The instrument used to measure digital marketing was designed by Mahmutović (2021); the scale consists of 15 items with three dimensions: a strategic emphasis, generation of digital intelligence, and planning and provisioning of resources with a Cronbach's alpha of 0.933. To measure customer orientation, the scale designed by Gulakova et al. (2019) consists of 18 items, with a Cronbach's alpha of 0.898. To measure sustainability, the proposal of Vinodh and Joy (2012) offers 6 items considering 3 dimensions: economic sustainability, environmental sustainability, and social sustainability, with a Cronbach's alpha greater than .70: economic sustainability ($\alpha = 0.948009$), environmental sustainability ($\alpha = 0.731801$, AVE = 0.649875), and social sustainability ($\alpha = 0.895473$, AVE = 0.761798).

These scales were adapted to the Peruvian context, with response options of 7 points on the Likert scale, where 1 is totally disagree, and 7 is totally

agree, considered the most adequate in characterizing the variance (Su & Reynolds, 2019). It is important to note that they were evaluated by five professionals from marketing and subsequently validated by five research experts in marketing and sustainability, who evaluated sufficiency, clarity, coherence, and relevance.

2.1. Data collection

The study was conducted in the department of Cusco, Peru, the main setting for tourism, where most of the tourism SMEs are concentrated, such as tourist restaurants, hotels, and travel agencies. The data were collected through a survey online in Google Forms, distributed through social networks: WhatsApp, Instagram, Facebook, LinkedIn, and email in Cusco, Peru, during July and August 2022. The study population consisted of 1,771 SMEs in the service sector dedicated to hotels, restaurants, and other services (SUNAT, 2021). The sampling was for convenience, considering 516 companies in the tourism sector, including tourist restaurants, travel agencies, and hotels (Ministerio de Comercio Exterior y Turismo, 2022), taking companies not in the tourism sector as exclusion criteria. In addition, the multivariate distance measure of Mahalanobis (2018) was used; no cases were removed.

2.2. Data analysis procedure

The theoretical model modeled structural equations with the robust maximum likelihood (MLR) estimator, indicated for scalar variables, because it is robust to significant inferential deviations from normality (L. Muthén & B. Muthén, 2017). The evaluation of the goodness-of-fit indicators was performed with the comparative fit index (CFI), the root mean square error of approximation (RMSEA), and the standardized residual root mean square (SRMR). CFI values > .90 (Byrne, 2010), RMSEA < .080 (MacCallum et al., 1996), and SRMR < .080 (Hair et al., 2018) were used. The internal consistency method, Cronbach’s alpha coefficient (α), was used for the reliability analysis.

The results and analysis of the structural equation modeling were carried out with the R software in version 4.0.5 and its R Studio development interface, where the “lavaan” library was used (Rosseel

et al., 2017). The data were entered into the IBM SPSS Statistic 26 software, where descriptive results were obtained.

3. RESULTS

According to the data collected from 516 tourism SMEs, 49.3% are men, and 50.7% are women. Regarding the degree of instruction, the least representative was the technical level with 19.7%, and the one with the highest percentage was the university level with 54%. Regarding jobs, the least representative percentage is employees, 21.1%, and the most representative is owners, 40.4%. For seniority in the company, 0.2% is between 5 to 10 years, and 37% between 6 to 10 years. Similarly, 37% of SMEs represent travel agencies, 18.7% hostels, 21.2% hotels, and 23.0% restaurants; 1.8% are transnationals, 33.9% are SMEs, and 41.1% are microenterprises. Of these, 44.1% have from 1 to 5 workers; 30.8% have 6 to 10; 16.4% have between 11 and 20; 8.8% have 21 or more employees (Table 1).

Table 1. Sociodemographic information

n = 513		Frequency	%
Gender	Male	253	49.3
	Female	260	50.7
Education	Postgraduate	132	25.7
	Technical	101	19.7
	University	280	54.6
Position in the company	Employee	108	21.1
	Manager	198	38.6
	Owner	207	40.4
Seniority in the company	1 to 5 years	181	35.3
	11 to 15 years	71	13.8
	15 years or more	70	13.6
	5 to 10 years	1	0.2
	6 to 10 years	190	37.0
Line of business	Travel agency	190	37.0
	Hostel	96	18.7
	Hotel	109	21.2
	Restaurant	118	23.0
Company Type	Large	42	8.2
	Medium	77	15.0
	Microenterprise	211	41.1
	Small	174	33.9
No. of workers	Transnational	9	1.8
	From 1 to 5	226	44.1
	From 11 to 20	84	16.4
	21 and over	45	8.8
	From 6 to 10	158	30.8

3.1. Instrument validation

Tables 2, 3, and 4 validate the digital marketing, sustainability, and customer orientation scales. The indicators exceed 0.6 in Composite Reliability (CR), the Average Variance Extracted (AVE), Cronbach’s Alpha coefficient, and Aiken’s V validation.

Table 5 shows the result of the confirmatory analysis of the scales presented, where the values of the goodness of fit indices meet the acceptable values.

The scores of the study variables were scaled between values between 0 and 30 to facilitate their reading. In Table 6, there is the correlation matrix and the descriptive results of these, where the cor-

Table 2. Validation of the digital marketing scale

Instrument items	Factor loading	CR	AVE	Cronbach’s alpha (α)	Aiken (V)
F1		0.848	0.65	0.91	0.878
MK1	0.79				
MK2	0.80				
MK3	0.84				
F2		0.831	0.622	0.93	0.916
MK5	0.81				
MK7	0.81				
MK8	0.74				
F3		0.767	0.625	0.93	0.954
MK9	0.65				
MK10	0.77				
MK12	0.75				
F4		0.891	0.731	0.95	0.945
MK13	0.87				
MK14	0.86				
MK15	0.84				

Note: CR: Composite reliability, AVE: Average variation extracted, V: Coefficient V of Aiken. MK: Digital marketing.

Table 3. Validation of the sustainability scale

Instrument items	Factor loading	CR	AVE	Cronbach’s alpha (α)	Aiken (V)
Sustainability		0.881	0.604	0.90	0.893
S1	0.70				
S2	0.81				
S3	0.85				
S4	0.73				
S5	0.77				

Note: CR: Composite reliability, AVE: Average variation extracted, V: Coefficient V of Aiken. S: Sustainability.

Table 4. Validation of the customer orientation scale

Instrument items	Factor loading	CR	AVE	Cronbach’s alpha (α)	Aiken (V)
F1		0.947	0.781	0.95	0.912
OC3	0.85				
OC4	0.84				
OC5	0.97				
OC6	0.84				
OC7	0.91				
F2		0.939	0.721	0.94	0.87
OC9	0.90				
OC11	0.9				
OC12	0.86				
OC14	0.81				
OC17	0.79				
OC18	0.83				

Note: CR: Composite reliability, AVE: Average variation extracted, V: Coefficient V of Aiken. OC: Customer orientation.

Table 5. Confirmatory analysis values

Absolute fit measurements	Acceptable values	Digital marketing	Sustainability	Customer orientation
chi-square	–	181.062	993.87	4937.42
p-value	<0.05	0.000	0.000	0.000
RMSEA	≤0.08	0.07	0.065	0.076
IFC	>0.90	0.97	0.993	0.977
TLI	>0.90	0.96	0.978	0.963
SRMR	<0.06	0.02	0.015	0.025
WRMR	<1	0.68	0.938	0.734

Table 6. Descriptive statistics, internal consistencies, and correlations for the study variables

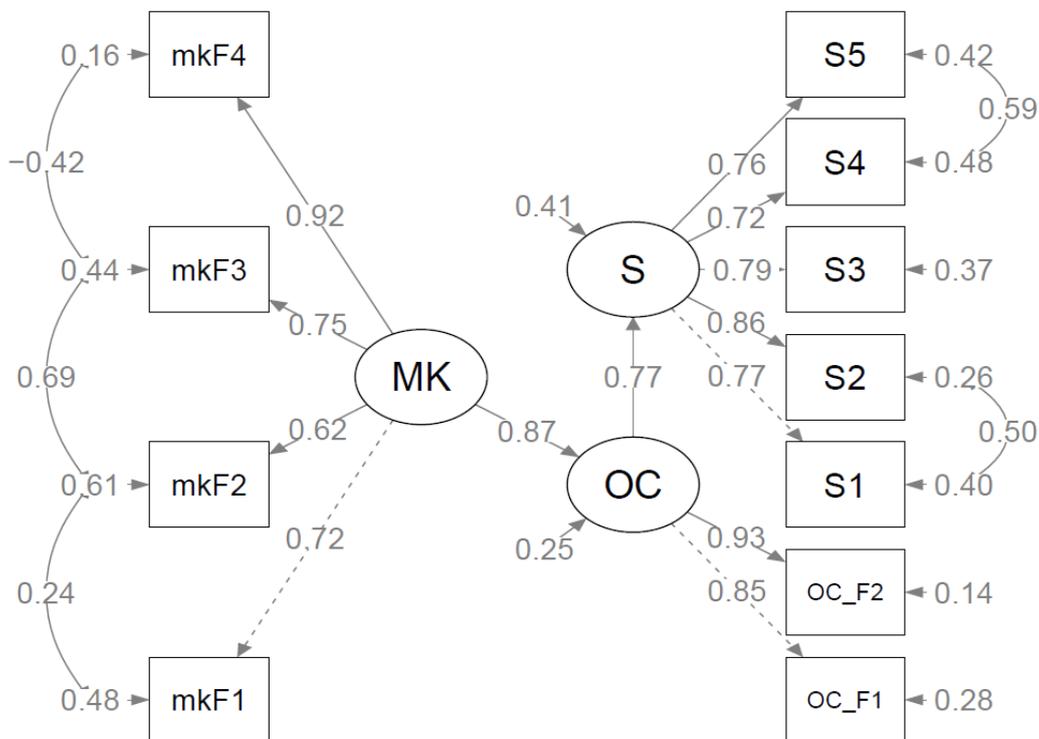
Variable	Half	OF	Asymmetry	kurtosis	α	Digital marketing	Customer orientation	Sustainability
Digital marketing	67.88	12.41	-1.42	0.90	0.95	1		
Customer orientation	62.52	10.61	-1.32	1.15	0.96	0.729 **	1	
Sustainability	26.00	5.06	-0.53	0.92	0.90	0.535 **	0.695 **	1

Note: All correlations are statistically significant ($p < .001$). Those correlations between the study variables are highlighted.

Table 7. Results of the hypotheses path analysis

Research hypothesis		Path coefficient	p-value
H1	Digital marketing → Customer orientation	0.87	***
H2	Customer orientation → Sustainability	0.77	***

Note: By means of this test it is possible to affirm that the hypotheses raised in this study are confirmed.



Note: MK: Digital marketing; S: Sustainability; OC: Customer orientation.

Figure 2. Explanatory structural model

relation results are between .535 and .729. In addition, Table 6 also shows the internal consistencies that were found between the values of .90 and .96.

In the theoretical model analysis (Table 7), an adequate fit was obtained, $\chi^2(4) = 303.74$, $p < .001$, CFI = .934, RMSEA = .078, SRMR = .054. With this result, the hypothesis are confirmed: positive relationship between digital marketing and customer orientation, $\beta = .87$, $p < .001$, and the relationship between customer orientation and sustainability, $\beta = .77$, $p < .001$, as depicted in Figure 2. Regarding customer orientation as a mediator of digital marketing in its effect on sustainability, the effect is $\beta = .67$, $p < 0.001$; this moderating effect is positive for sustainability.

4. DISCUSSION

This study found a positive relationship between marketing and customer orientation. Mahmutović (2021) concluded that managers could audit customer orientation to digital marketing to determine the areas in which improvements are necessary. In addition, Bouças Da Silva et al. (2021) showed that tourism companies use social networks to achieve customer interaction, increase awareness, attract customers, and lower prices to survive in the market. However, they continue using old strategies such as radio advertising, business alliances, and travel fairs. They concluded that a communication strategy should be implemented through social networks to help face competition in the tourism industry. By their side, Dwivedi et al. (2021) explained that digital marketing offers excellent opportunities for companies to increase sales at a low cost. However, there are significant problems with negative electronic word-of-mouth and wrong brand reviews.

In addition, Cyr (2008) specifies that a well-designed social media page by DMOs with modern and attractive graphic images reinforces the cognitive aspects of tourism information posted on social media by increasing the reliability of the website content. Likewise, Cuomo et al. (2021) concluded that “big social data” and user-generated content have become key sources of well-timed and rich knowledge supporting data driven decision approaches addressed the managing of complex relationships.

On the other hand, a positive relationship was found between customer orientation and sustainability. In this context, Ellis (2006) concluded that customer orientation is decisive in organizational performance. However, the value of customer orientation decreases depending on the cultural distance from the US internal market. Also, Thoumrungroje and Racela (2013) stated that customer orientation has a positive and direct effect on the new product, as well as on the performance of the organization. Therefore, market orientation is positively related to excellent job performance (Deshpande et al., 1993; Narver & Slater, 1990). Gulakova et al. (2019) explored the market positioning characteristics of Russian B2B companies. The results showed an essential critical aspect that helped to differentiate customer-oriented companies from those that only declare it: there is a need to evaluate the concepts of marketing that are applied in the B2B markets of emerging economies.

Likewise, a positive relationship was found between customer orientation and sustainability. Along the same lines, according to Vinodh and Joy (2012), a correlation was found between sustainable manufacturing practices and organizational performance in the industries surveyed in India.

CONCLUSION

This study aimed to analyze the influence of digital marketing and customer orientation on the sustainability of tourism small and medium-sized enterprises (SMEs) in Cusco, Peru. The results showed a positive relationship between digital marketing and customer orientation. In this sense, marketing is essential for all companies since it provides tools to achieve a desired response in the market, letting the company achieve its objectives. Therefore, it is crucial to promote the development of new initiatives and guide the innovative capabilities and opportunities offered by digital marketing for the organization's sustainable development.

Thus, a customer-oriented strategy involving engagement, innovation, differentiation, and measuring customer satisfaction will positively impact the organization's sustainability.

Also, digital marketing mediated by a customer-oriented strategy will significantly impact the organization's sustainability. This involves three central axes, which require the impact measurement in social, environmental, and economic terms.

Among the limitations of the study was the low accessibility to SMEs, and this was because the sample was taken during the pandemic, making the data collection difficult. The work was mainly oriented to tourism SMEs in Cusco, Peru. However, it is recommended to replicate the research in SMEs from other sectors, by different geographical areas, and comparative studies by sector or by country. It is also advisable to target companies of other sizes.

AUTHOR CONTRIBUTIONS

Conceptualization: Nancy Tupac Yupanqui Lima, Karla Liliana Haro-Zea.

Data curation: Nancy Tupac Yupanqui Lima, Karla Liliana Haro-Zea.

Formal analysis: Nancy Tupac Yupanqui Lima.

Investigation: Nancy Tupac Yupanqui Lima, Karla Liliana Haro-Zea.

Methodology: Robin Alexander Díaz Saavedra.

Project administration: Nancy Tupac Yupanqui Lima, Karla Liliana Haro-Zea.

Resources: Robin Alexander Díaz Saavedra.

Software: Nancy Tupac Yupanqui Lima, Robin Alexander Díaz Saavedra.

Supervision: Karla Liliana Haro-Zea.

Validation: Karla Liliana Haro-Zea.

Visualization: Karla Liliana Haro-Zea, Robin Alexander Díaz Saavedra.

Writing – original draft: Nancy Tupac Yupanqui Lima, Karla Liliana Haro-Zea.

Writing – review & editing: Robin Alexander Díaz Saavedra.

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