

Developments in Marketing Science:
Proceedings of the Academy of Marketing Science

Elizabeth J. Wilson
Joseph F. Hair, Jr. *Editors*

Proceedings of the 1997 Academy of Marketing Science (AMS) Annual Conference



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Foreword

This 20th volume of *Developments in Marketing Science* contains articles and abstracts of presentations made at the 1997 Annual Conference of the Academy of Marketing Science, held May 28 - May 31, 1997, at the Biltmore Hotel, Coral Gables, Florida.

Thanks are due to many people who helped produce this proceedings. Of course, there would be no proceedings without the contributors; we thank each author that submitted either a manuscript or abstract. Authors are to be commended for revising their papers according to reviewers comments and according to our 5-page limit. This was no easy task for some, based on phone conversations we had! Along with the authors, we thank the track chairs and reviewers who participated in judging competitive papers. Members of each group are identified on subsequent pages of this volume.

We thank Ms. Susan Sartwell, of the E. J. Ourso College of Business Administration at Louisiana State University, for her work in being an instrumental member of our "team." From the beginning of the process, her knowledge, skill, and insight was a valuable resource. Susan worked to complete the final formatting of each paper and, in many cases, prepared artwork for the contributors. Her diligent and thorough work for the better part of two months made this Volume possible.

Finally, we thank the officers and governing board of the Academy of Marketing Science for making the conference possible. We appreciate the support of the AMS staff at the University of Miami for their assistance in producing this volume.

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Preface

The Academy of Marketing Science was founded in 1971, held its first Annual Conference in 1977, and has grown and prospered ever since. The relevancy of the Academy's mission and activities to our chosen target market of the marketing professorate has been a key factor in attracting the discipline's best and brightest from all over the world.

The Revised Articles of Association of the Academy, approved by the Board of Governors in the spring of 1984, and by the general membership in the fall of that year, define the mission of the Academy as follows:

1. Provide leadership in exploring the normative boundaries of marketing, while simultaneously seeking new ways of bringing theory and practice into practicable conjunction.
2. Further the science of marketing throughout the world by promoting the conduct of research and the dissemination of research results.
3. Provide a forum for the study and improvement of marketing as an economic, ethical, and social and political force and process.
4. Furnish, as appropriate and available, material and other resources for the solution of marketing problems which confront particular firms and industries, on the one hand, and society at large on the other.
5. Provide publishing media and facilities for Fellows of the Academy and reviewer assistance on Fellows' scholarly activities.
6. Sponsor one or more annual conferences to enable the Fellows of the Academy to present research results; to learn by listening to other presentations and through interaction with other Fellows and guests; to avail themselves of the placement process; to conduct discussions with book editors; and to exchange other relevant information.
7. Assist Fellows in the better utilization of their professional marketing talents through redirection, reassignment, and relocation.
8. Provide educator Fellows with insights and such resources as may be available to aid them in the development of improved teaching methods, materials, devices, and directions.
9. Seek means for establishing student scholarships and professional university chairs in the field of marketing.
10. Offer Fellow of the Academy status to business and institutional executives and organizations.
11. Modify the Academy's purpose and direction as the influence of time and appropriate constructive forces may dictate.

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A PROPOSED MODEL TO HELP EXPLAIN THE INFLUENCE OF ADVERTISING AND PHYSICAL CONTEXTUAL CUES ON THE PERCEIVED QUALITY OF AN ORGANIZATION

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ABSTRACT

The effects of advertising and physical contextual cues on perceived quality have remained in two separate streams of marketing research. Surprisingly, no conceptual foundation has been proposed for a unifying model that focuses on explaining the impact of both types of variables on perceived quality. This paper presents a proposed model and preliminary empirical evidence which suggests how advertising and physical contextual cues affect the perceived quality of an organization.

This paper suggests that the self-confirmatory bias framework (Darley and Gross 1983) can provide the conceptual foundation for a proposed unifying model that helps explain how advertising and physical contextual cues can affect the perceived quality of an organization. The self-confirmatory bias framework indicates that advertising is effective because it raises expectations that consumers have a bias toward confirming through their experience with the product. For example, the framework indicates that advertising can raise within consumers specific expectations about a service. When consumers are experiencing that service, they will focus on those elements of the service experience that are consistent with those expectations. Additionally, the framework indicates that consumers are more likely to ignore and/or distort those elements of the service experience that were inconsistent with the expectations that were created by advertising.

The purpose of this paper is to propose a model and present preliminary empirical evidence that extends previous research in three ways. First, previous research (e.g., Hoch and Ha 1986) indicates that the self-confirmatory bias framework can help explain how adver-

tising information affects the perceived quality of tangible objects. The proposed model and this research suggest that the self-confirmatory bias framework can be extended to help explain the cognitive process that consumers use to form their perception of the perceived quality of an organization. Second, previous research (e.g., Deighton 1984) suggests that the self-confirmatory bias framework can help explain the effects of advertising. This research and the proposed model suggest that the self-confirmatory bias framework can be extended to help explain the effects of physical contextual cues, also. Third, previous research indicates that the self-confirmatory bias framework can help explain the effects of advertising following a single experience with the product. The proposed model and this research suggest that the self confirmatory bias framework can be extended to help explain the effects of advertising and physical contextual cues even after consumers have multiple experiences with a service.

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REASON RIPPED ASUNDER - A THREAT TO ETHICS

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ABSTRACT

By returning to Aristotle's definition of ethics, "a reasoned state of capacity to act with regard to the things that are good or bad for a man," this paper reviewed The New York Academy of Sciences' conclusion that "The

fabric of reason is being ripped asunder ..." and the effect this has on ethics. Ten epistemologic foundation building propositions, supported by case analyses, are presented to respond to threats of reason and impartiality.

PAST BEHAVIOR: THE BEST PREDICTOR OF FUTURE BEHAVIOR - OR IS IT?

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ABSTRACT

Firms have traditionally focused on attracting new customers. However, since the early 1980's, service researchers have drawn attention to the need to retain and do more business with current customers, as this has shown to provide substantial benefits. For some time, marketers have struggled to build and sustain customer loyalty over an extended period of time. However, creating and sustaining a lasting bond between a consumer and a product or service that ensures customer retention is a far more complex, interactive and dynamic a process.

This study explores the increasingly important issue of customer retention in the strategy of South African automotive manufacturers and dealers. Loyalty (measured in terms of actual past behavior), future purchase intentions and recommendation are investigated within an automotive typology. A distinction is drawn between manufacturer (or brand) loyalty, and dealership (or retailer) loyalty, and the relationship between the two discussed. In particular,

the relationship between future intent and past behavior is considered, in an attempt to investigate the predictive ability of the latter.

Results of the study show that there is no significant difference, based upon past behavior, between those respondents who: (1) intend to purchase from the same manufacturer, (2) intend to purchase from the same dealer, (3) would recommend their current manufacturer, and (4) would recommend their current dealership. Clearly, past behavior, although a significant influence, is not the only determinant of future behavior. Factors such as intervening time frame (when the research is conducted relative to the respondent's position in the ownership cycle), unforeseen situational variants (change in income, status, family structure), unforeseen environmental events, degree of voluntary control, stability of intentions and new information all contribute to future behavior. These influences are further compounded by the universal decline in brand loyalty.

THE MORPHOLOGY OF AN INTERPERSONAL INFLUENCE MEASURE

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ABSTRACT

The present study examines the morphology of an interpersonal influence manifestation scale that has been cited in consumer behavior textbooks and in several major studies (e.g., Bearden and Etzel 1982; Childers and Rao 1992) of consumer susceptibility to interpersonal influence. The results indicate that further refinement of the dimensions is needed to improve the scale's validity as a measure of an individual's susceptibility to interpersonal influence in decision making.

Interpersonal influence can potentially impact a consumer's information processing, norms, values, aspirations, and consequently, purchase behavior. Interpersonal influence appears to affect social and cognitive motives (Lascu, Bearden, and Rose 1995) and thus is a multidimensional construct.

The primary purpose of this study was to empirically examine the factor structure and internal consistency of a 14-item interpersonal scale (Park and Lessig 1977) using a procedure adapted from Churchill (1979): (1) specify the domain of the construct, (2) generate a sample of items, (3) collect the data, and (4) purify the measure by using factor analysis and coefficient alpha.

The interpersonal scale examined in this research defined the domain of the interpersonal influence construct to include three types of influence: (1) informational, (2) utilitarian, and (3) value-expressive. An informational influence is accepted if it is perceived to emanate from persons possessing product related knowledge. No norms are imposed on the individual. The utilitarian dimension is a type of normative function. If an individual's actions are expected to be visible or known to others, s/he may be expected to comply with the preferences or expectations of significant other who are perceived as mediators of rewards or punishments. A person's need for psychological association with a group is reflected in the

value-expressive construct. A person may be influenced because of a liking of the group. It is similar to the comparative reference group function.

Ideally, a three factor structure should emerge from the empirical testing of the 14-item scale. This occurred for one-half of the products studied. Instability occurred primarily in the four-item utilitarian subscale. An assessment of the internal consistency of the three subscales was performed to further investigate the dimensionality of the scale's domain. If a series of items display internal consistency, it is likely that they all relate to the same construct. An examination of coefficient alpha offered additional evidence of inconsistency within the utilitarian subscale.

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THE EFFECTS OF KNOWLEDGE ON THE LEVEL OF EXTERNAL INFORMATION SEARCH

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ABSTRACT

This manuscript presents an argument for the need to explicitly measure the passive component of external information search. Scale development for passive information search is proposed. Propositions are developed looking at the relationships of objective knowledge and self-assesses (subjective) knowledge with active and passive information search.

Consumer knowledge is a vital component of the consumer decision making process (Brucks 1985) and knowledge has a significant effect on the amount of external information search which will take place. The current understanding of external information search underrepresents the passive portion of external information search (Beatty and Smith 1987). In fact, many researchers have shown that very little external search is conducted even for major purchases (e.g., Claxton, Fry, and Portis 1974; Furse, Punj, and Stewart 1984; Newman 1977). It is proposed that this is an example of under representing the amount of information search, rather than a lack of search--the passive portion of information search is simply not measured.

Objective knowledge is the actual knowledge individuals have, while self-assessed knowledge is the knowledge individuals believe they have (Beatty and Smith 1987). The relationships between knowledge (objective and self-assessed) and information search (active

and passive) are proposed to be mediated by the ability to search and the motivation to search.

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ATTRACTING QUALITY ADULT LEARNERS TO THE MARKETING CLASSROOM

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ABSTRACT

This paper presents the results of an exploratory study on why adult learners decide not to participate in college business programs. The primary objective was to better understand how administrators and marketing educators can attract and retain this important target market. Results indicate that lack of time and energy was the main barrier for these prospects. Child care responsibilities and limited course offerings were the second and third leading barriers.

According to the Chronicle of Higher Education, nearly half of all full and part-time college students are over 25 years of age. Since the number of "traditional" (under 25) students are declining on many campuses, these "adult learners" are a critical replacement. In addition, more of these adults will be majoring in business than in any other field. Plus, a survey in the Journal of Marketing Education reported that these adults were a valuable qualitative, as well as quantitative addition to the marketing classroom. More importantly, adult students are critical to the viability and success of marketing departments and business programs at many small, tuition-driven private colleges.

Given the importance of adult participants and prospects for marketing departments at some private colleges, surveys were conducted by marketing professors to better understand the barriers to attracting and retaining this important target market. The first phase of this research was aimed at the "prospects." (Typically, 80% of those who enroll are business majors, taking at least one course in marketing.) Recently, 1,200 adults attended informational meetings on an adult program at a small, undergraduate liberal arts college in a metropolitan area. Also, these prospects had individual con-

ferences with the admissions staff of the program. But for some reason, these prospects did not enroll.

To better understand why these adults decided not to participate in the program, a stratified random sample of 500 members of this group were sent a letter and a 24-item (five category Likert scale) questionnaire based on the "Learning Interests and Experiences of Adult Americans" instrument (Cross, 1981). The response was 159 questionnaires.

A factor analysis of the results showed that there were six major barriers that prevented these individuals from participating in this adult undergraduate program. The major barrier was a Lack of Resources (mean of 2.95): not enough time; not enough energy; job responsibilities; home responsibilities; takes too long to complete the program. The demands of Child Care (2.48) was the second factor to emerge. Limitations in Course Offerings (2.19) and course availability was the third factor. Fourth was Cost/Benefit Ratio (1.88): This dealt with the attendance and degree requirements vs. the perceived pay-off of the program. Fifth was Bad Experience (1.64): low grades in the past; afraid I'm too old; don't enjoy studying; tired of schools and classrooms. The least important factor dealt with Institutional (1.35) issues: no transportation; too much red tape. These factors explained 58% of total variance.

The results of this "prospects" survey will be combined with a later "participants" survey to help college administrators develop programs, delivery systems, counseling support, and promotion activities. Finally, it will put marketing educators in a better position to attract and retain high quality adult learners to their marketing classroom.

THE PSYCHOLOGY OF PRODUCT AESTHETICS: ANTECEDENTS AND INDIVIDUAL DIFFERENCES IN PRODUCT EVALUATIONS

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ABSTRACT

Even though product design and aesthetics are important marketing concerns, they remain largely ignored variables in academic research. Integrating recent research in marketing, psychology and the visual arts, this inquiry studies product aesthetics (shape, color, texture etc.) in a consumer behavior context. Using an extension of the Elaboration Likelihood Model (ELM), this study proposes and supports a theoretical framework that explains how product aesthetics are processed by consumers, and how product aesthetics interact with individual differences in product evaluations.

It is hypothesized that under specific conditions (e.g. high aesthetic sensitivity) consumers engage in a central processing (i.e. cognitively demanding) of the aesthetic characteristics. In these situations, the attitude change tends to be enduring and accompanied by a cognitive structure change (higher level of elaboration.) Under other conditions (e.g. low aesthetic sensitivity), consumers use product aesthetics as a peripheral cue. In these situations, the attitude formation is less enduring and with less cognitive structure change. This research identifies four individual difference measures that determine whether product aesthetics are processed centrally or peripherally: self-monitoring, aesthetic sensitivity, need for cognition, and style of processing (visual-verbal processing).

In an experiment (a 2x2x2 between subjects factorial design), 113 participants

evaluated one of two clocks varying in aesthetic appeal and functional/performance characteristic. Results from this study show that a product's aesthetic properties can lead to non-idiosyncratic differences in consumers' aesthetic evaluations, attitude changes, and purchase intentions. Product aesthetics are related to attitude and purchase intention in a manner consistent with the multiple role view of ELM: product aesthetics as either central arguments or peripheral cues. Hypothesized interactions of aesthetic properties and self-monitoring are confirmed. Overall, high self-monitoring subjects evidence greater sensitivity to product aesthetics than low-self monitoring subjects in their reported product evaluations, attitudes, and purchases intentions. Subjects low in self monitoring evidence greater sensitivity to the functional attributes of the products. Also confirming a predicted difference in information processing, high self-monitoring subjects exhibit more cognitive elaboration about negative aesthetic related items, low self-monitoring subjects exhibit more elaboration about negative function related product characteristics. Finally, the exploratory investigation of the role of individual aesthetic sensitivity yields similar results to the ones observed with self-monitoring. Research in progress addresses the other mentioned trait variables (need for cognition and style of processing), manipulates the salience of aesthetic elements, and investigates the halo effect of product aesthetics on consumer perceptions of product performance.

BARRIERS TO EXPORT FOR FIRMS FROM DEVELOPING COUNTRIES

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ABSTRACT

This paper examines barriers to export for non-exporting firms in the context of a developing country by surveying two hundred seventy-seven firms with headquarters located in Istanbul. The authors discuss a group of barriers facing firms and develop a model attempting to explain how these barriers are related to one another. The most important barrier to export as perceived by business executives is financial resources followed by inadequate market information provided by government. Analyses showed that there are strong relationships among different types of export barriers.

Although all businesses both from developed and developing countries face some sort of barriers to entry in global markets, companies in developing countries have additional barriers that they must overcome. Firms from developing countries are especially affected by global competition and protective measures such as, tariffs, quota, monetary barriers, and non-tariff barriers imposed by the governments of the countries in which they wish to market their products. Presence of barriers to export usually makes the domestic market more attractive and influences companies to lose interest in entering international markets.

The results indicate that inadequate market information (48.7%) and competition in international markets (45.5%) are the two most important external barriers perceived by the non-exporting firms. Nearly half of the companies suggest that these two barriers affect them to be non-exporters. The third and fourth

most important barriers are inadequate demand in international markets (39.4 %) and presence of profitable domestic markets (37.5 %). Furthermore, the results showed that the lack of existence of export management companies, bureaucracy and foreign government policy follow the other barriers to export. Lack of information about the availability of government incentives is perceived to be the least important external barrier (18.1%).

In terms of internal barriers, financial resources (52.7 %), inadequate investment for entry into international markets (45.1 %), and production technology employed (40.1 %) are the three most important barriers. These barriers are followed in perceived importance by competitors' price advantages due to economies of scale, having qualified personnel for export and heavy advertising and selling expenses by competitors. The two least perceived barriers are product adaptation and inadequacy of company's own distribution channel.

One of the major objectives of this study was to identify the most important internal and external barriers to export in a developing country context (e.g. Turkey). The two most important export barriers identified for Turkish non-exporting firms were: inadequate market information provided by government and financial resources. The other important barriers to export were: competition and inadequate demand in international markets, presence of profitable domestic markets, inadequate investment for entry into international markets and production technology employed by firms.

A SCALE FOR MEASURING ADVERTISING-EVOKED MENTAL IMAGERY

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ABSTRACT

Research indicates that mental imagery often mediates cognitive and affective responses to advertising such as recall of message content, feelings, attitudes toward ads and brands, and behavioral intentions. Despite this research attention, a consistent approach to the measurement of ad-evoked imagery has not emerged. Indeed, in their review of imagery research in advertising, Babin, Burns, and Biswas (1992) suggested that a lack of valid measures of imagery have been a major hindrance to imagery research. A variety of approaches to measuring imagery have been taken including, criterion-based approaches, written protocols, and use of a variety of simple unidimensional or single items scales. Each of these approaches is somewhat deficient.

One reasonably good multi-item multi-dimensional imagery scale has been produced by Ellen and Bone (1991). However, while the scale has been shown to be quite reliable, it has some construct validity problems. Perhaps these stem from the fact that it was developed using a small number mock radio ads which were produced strictly for research purposes. Further, Ellen and Bone have been criticized for not following strict development procedures (Babin, Burns, and Biswas 1992).

Thus, following the procedures recommended by Churchill (1979), and using a large

number of real ads across three media (magazine, radio, and television) we hope to produce a psychometrically rigorous imagery scale. Our goal is to produce a scale that will reliably and validly measure ad-evoked imagery across media. The scale is intended to measure the dimensions of imagery which influence responses to advertising. These include, quantity, vividness, valence, and sensory mode. Preliminary results are encouraging. Each subscale demonstrates acceptable levels of internal consistency reliability and confirmatory factor analyses reveal proper dimensionality.

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THE PRICE/QUALITY RELATIONSHIP REVISITED: A SEGMENTED APPROACH

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ABSTRACT

In their meta-analysis Rao and Monroe (1989) examined fifty-four price-perceived quality relationships. The mean effect size, $(\eta)^2$, was a statistically significant 0.12. In a subsequent study Dodds, Monroe and Grewal (1991) noted ". . . findings suggest that consumers are less likely to rely on the presence of a price-quality relationship for a particular product class in order to rely on the familiar information cues of brand and store name . . . for higher priced products that are purchased infrequently, the strength of the price cue may be diminished in the presence of other, more well-known cues." The purpose of the current study is to examine the price-perceived quality for the highest-priced of branded consumer products, namely the automobile.

The four design issues investigated by Rao and Monroe (1989) and the approach in the current study are summarized below:

- (1) price level - in contrast to most previous work a high priced product was incorporated in the design;
- (2) number of cues - it is generally assumed that single-cue studies are more likely to provide significant results. The current study is a multi-due design;
- (3) price manipulation - the larger the price discrepancy, the more likely a perceived quality effect will be observed. In the current study, the price range was relatively small, as it was determined by marketplace factors;
- (4) experimental design - as in many behavioral studies there is a controversy as to the merits of between-subject and within-subject designs. The latter is employed in this study.

The specific experimental design is a $3^4 \times 2$ conjoint analysis. The specific variables are brand, country of assembly, manufacturers suggested retail price (MSRP) and country of component manufacture. The dependent variable was perceived quality. A 16 profile, main effects only design was used. An additional advantage of this specific approach is that it allows the examination of individual responses and hence the application of segmentation methodology (Green and Krieger, 1991).

In this exploratory study, 113 undergraduate business students provided responses. In addition to the conjoint analysis, information as to auto consumption experience, product involvement, price perception and demographics was elicited. The data were analyzed using SPSS. The internal quality indicators of the analyses were excellent (including the Kendall's tau for the four holdout profiles).

The mean utility values for the four levels of MSRP are as follows:

<u>MSRP</u>	<u>Utility value-perceived quality</u>
\$18,000	-2.16 (statistically less than the 3 higher prices)
\$19,000	+0.81
\$20,000	+0.39
\$21,000	+0.96

This provides, at best, weak support of the price-perceived quality relationship. A k-means, cluster analysis of the MSRP utility values provides the following 3-cluster solution:

<u>MSRP</u>	<u>Cluster 1</u> (n = 11)	<u>Cluster 2</u> (n = 24)	<u>Cluster 3</u> (n = 78)
\$18,000	-10.60	-5.82	+0.16
\$19,000	-4.35	+6.42	-0.19
\$20,000	+3.49	-0.51	+0.22
\$21,000	+11.45	-0.09	-0.19

Cluster 1, representing 10% of the sample, indicates a strong price-perceived quality relationship. However, the mean utility values for clusters 2 and 3 are not consistent with the price-perceived quality relationship. In contrast, the other mean utility values were quite consistent across the three clusters. An attempt to distinguish the clusters using the price-quality schema of Lichtenstein, Ridgway and Netemeyer (1993) indicated no relationship between cluster membership and price-quality scale values.

In conclusion, the findings support the notion that for high-priced products of well-known brands, the price-quality relationship is not descriptive of the quality perception process for most consumers. Despite this observation, a small proportion of respondents (approximately 10%) indicated a strong price-perceived quality relationship. Overall the relationship is tenuous, but within one segment it is strong.

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CONSUMER EVALUATION OF SWEEPSTAKES INCENTIVES: AN EMPIRICAL INVESTIGATION

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ABSTRACT

While sales promotions in general, and certain types of incentives such as price deals and coupons have received considerable attention in the academic literature, only a few studies have examined rebates, premiums, contests and sweepstakes. The purpose of this present study is to initiate the empirical investigation of consumer evaluations of sweepstakes incentives.

Sweepstakes are worthy of consideration for several reasons. Managerially, sweepstakes and other non-monetary incentives provide alternatives to coupons and price discounts, which are criticized for their effects on brand equity and profitability. From a consumer psychological perspective, sweepstakes' probabilistic nature may impact the evaluative processes used by consumers. Consumer evaluations of sweepstakes may depend on its prize structure; the payoffs and their respective probabilities. Furthermore, the manner in which the payoff and probability information is presented may impact evaluations.

228 subjects were randomly assigned to one of six sweepstakes offers in a 3×2 between-subjects factorial design, with three levels of "featured attribute" and two levels of "prize structure". The two levels of prize structure included a P-sweeps (high probability of winning, relatively low grand prize value) and a \$-sweeps (low chance of winning, relatively large grand prize), each with the same expected value. The three levels of featured attribute

included the "number of chances to win", the "grand prize value", and a control condition with no featured attribute prominently displayed in the promotional ad. Measured variables included attitude toward the offer, behavioral intention, sweepstakes proneness, and recall of the chances of winning and prize values.

Although neither attitude towards the offer nor behavioral intention were different across the treatment conditions, there was a main effect for sweepstakes proneness and an interaction in Ss' recall accuracy. Ss in the "number of chances to win" condition exhibited higher recall accuracy for the chances to win than Ss in other conditions, but Ss in the "grand prize value" condition did not have higher recall. In addition, sweepstakes proneness varied systematically across levels of attitudes towards the offer. Evidently, subjects responded to the attitude and behavioral intention measures with their prior attitudes concerning sweepstakes in mind, with little or no consideration of the actual offer they were exposed to in the study.

The study provides preliminary evidence that individuals tend to rely on their existing schemas concerning sweepstakes in their evaluative mechanisms. The systematic differences in recall accuracy and the role of sweepstakes proneness in determining attitudes warrant further consideration. This study is the first in a series of research which will further explore the impact of sweepstakes and consumer characteristics on promotional evaluations.

THE NATURE OF EXPERTISE: DIFFERENCES BETWEEN MARKETING MANAGERS AND MBA STUDENTS

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ABSTRACT

A study of managerial decision-making in new product concept evaluation yielded valuable insight into the relationship between self-assessed expertise and experience and how that relationship differs between managers and MBA students. Results show that the factors that influence a decision maker's perceptions of his or her own expertise differ between managers and MBA students.

Sixty-two managers working in new product development and 52 MBA students were asked to rate their levels of knowledge and expertise in screening new product concepts. They also provided information about their tenure in new product development, the number of new product decisions in which they had been involved, and their total work experience in years.

Using separate analyses for MBAs and managers, structural equation modeling was used to confirm that self-assessed expertise and experience are distinct, but correlated constructs. Assessments of knowledge and expertise load on one factor ('Self-assessed Expertise'), while the experience and tenure variables load on another factor ('Experience'). For managers, the model fit the data very well

(model statistics: $\chi^2_{(4)} = 7.59$, $p = 0.11$, NFI = 0.96, RMR = 0.07). The correlation between 'Experience' and 'Self-assessed Expertise' was 0.29, which was significant ($z = 2.25$, $p \leq 0.0122$). For MBA students, the two-factor model again fit very well (model statistics: $\chi^2_{(4)} = 3.27$, $p = 0.51$, NFI = 0.97, RMR = 0.025). The correlation between 'Self-assessed Expertise' and 'Experience' was 0.38, which was significant ($z = 2.96$, $p \leq 0.0016$).

Equivalence of the factor loadings and factor structure between the two groups was tested by constraining the factor loadings and the covariance between the constructs to be equal across groups. The model with these constraints did not fit the data well ($\chi^2_{(14)} = 37.90$, $p < 0.001$, NFI = 0.87, RMR = 0.17). This suggests that the factors that influence a decision-maker's perceptions of his or her own expertise differ between managers and MBA students and that the relationship between self-assessed expertise and experience might differ between the two groups. This may have important implications for the study of expertise in managerial decision-making and calls into question the practice of using MBA students as surrogate managers in research.

PERCEPTIONS OF MEDICAL PRACTITIONERS REGARDING ATTORNEYS THAT ADVERTISE

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ABSTRACT

It is not until fairly recently that South African firms of attorneys were allowed to advertise their services. The law societies of South Africa, regulating the profession in the various provinces, have all decided to allow advertising to a limited extent. Thus, the old rule (inherited from English law) whereby attorneys were not allowed to advertise their services or invite business, was unnullled. The regulatory provisions of the different law societies do however differ slightly in its content from society to society.

The use of advertising may influence the perceptions of (potential) clients of firms of attorneys. This study will attempt to determine the impact (if any) which advertising may have on the perceptions of (potential) clients of firms of attorneys.

A causal model will be constructed which will include advertising, hearsay, location, personal knowledge and knowledge of the product or service as exogenous latent variables. Perceptions of firms of attorneys will be modelled as an endogenous latent variable.

A mail survey will be conducted amongst medical practitioners. Probability sampling will

be used and the sample size will be approximately 250. An empirical investigation will follow hereafter to determine the implications for firms of attorneys that advertise, on medical practitioners.

This study will be unique in that no similar research has previously been done in South Africa on this specific issue. It is also foreseen that the study will be expanded to test the perceptions of further target groups.

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EFFECTIVE MANAGEMENT OF HYBRID CHANNEL CONFLICT

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ABSTRACT

The use of several distinct channel types by suppliers to serve a given product-market is rapidly becoming the dominant design. Such increasingly complex distribution systems present unique opportunities and problems for marketers, including how to most effectively manage the intrafirm, interchannel conflict resulting from channel coalitions competing with one another for resources, both internal (e.g., expenditures, personnel, technology) and external (i.e., customers). A *hybrid distribution system* is a multichannel arrangement characterized by the sharing of distribution tasks among a combination of distinct channels, direct and/or indirect, resulting in a variety of marketing mix offerings designed to satisfy the needs of diverse market segments. *Hybrid channel conflict* exists when one channel coalition perceives that another channel coalition is engaged in adversarial behavior which is preventing or impeding the first from achieving its goals. A *channel coalition* is a group of individuals within the supplier firm who are organized as a subunit corresponding to a particular distribution channel used by the firm. Coalition members share the common responsibility of supplying the products, services and resources needed to support the operations of a given channel in the firm's distribution system. Examples of coalitions include a direct sales-force, a distributor group, and a telemarketing arm.

The primary focus of this project is to identify strategies that marketing managers use to effectively manage hybrid channel conflict. The case study method is especially well-suited

for such an emerging research area. Four in-depth case studies were conducted with companies that utilize hybrid distribution systems and are often concerned with internal channel conflict issues. Fifty-eight semi-structured interviews with individuals from the four firms participating in the project were tape-recorded and transcribed, producing over 43,000 lines of text. The data were then analyzed using a qualitative data analysis program novel to the marketing literature.

Results indicate there are a number of effective strategies for managing hybrid channel conflict. All of the strategies work essentially by enhancing the level of communication and/or coordination among the supplier firm's channel coalitions. For example, a channel selection guide serves the purpose of clearly and explicitly communicating the role of each channel, and specifies a protocol for communications when problems do arise. Establishing a committee to evaluate the impact of proposed price reductions or promotional programs on all channels before they are implemented is another effective tactic. The use of interchannel agreements, designed to make certain that customers are served by the channel(s) which best meet their needs by referring business from one channel to another when necessary improves interchannel coordination. Superordinate goals for channel managers can also be used to reinforce this type of behavior. Finally, some firms use product variations and distinct brand names to effectively differentiate their channels, thereby reducing undesired overlap in the marketplace.

AN EXPLORATORY INQUIRY INTO THE ROLE OF CONSUMER ETHNOCENTRISM AS A MODERATING VARIABLE IN COUNTRY OF ORIGIN EVALUATIONS: A CONJOINT APPROACH

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ABSTRACT

Consumer ethnocentrism, as developed by Shimp and Sharma (1987), captures beliefs held by consumers on the appropriateness and morality of purchasing foreign made goods. Previous research has provided support work has provided support for consumer ethnocentrism as a moderating variable in the purchase of low involvement goods and in times of threat to the host country (Sharma, Shimp, and Shin 1995).

This paper advances the COO research stream by proposing that consumer ethnocentrism may also impact consumers evaluations of high involvement products as well. This concept was evaluated under a multi-attribute decision framework (conjoint analysis). Multi-attribute frameworks have been suggested as appropriate for COO study as the country cue is seen to be one part of an overall product evaluation (Johansson, et al., 1985). Previous research has indicated that COO cues are less prevalent in multi-cue situations (Wall, et al., 1991). Thus, multi-cue settings may be seen to provide a stronger test of the hypotheses. Additionally, conjoint analysis approximates the decision process consumers use in evaluating choice sets (Green and Wind 1971).

Two hypotheses were developed. The first stated that in the multi-attribute decision framework consumers would clearly differentiate between automobile brands along country of origin dimensions. This was confirmed by mean utility values of Honda 4.57, Toyota 2.60, Ford -3.88 and Chevrolet at -3.29. Thus, we see that the two Japanese brands are rated as higher than the two American brands, clearly inferring a COO split. The second hypothesis stated that levels of consumer ethnocentrism would moderate the evaluations of the four subject brands in the following manner; as market segments become more consumer ethnocentric, American

consumers will tend to rate American brands relatively more highly and the Japanese brands will be rated relatively less highly. This was analyzed by separating the groups into quartiles by level of consumer ethnocentrism and then subjecting each derived brand evaluation pair to a one-tailed t-test. All pairs, based on the highest (65-117) and lowest (17-36) CETSCALE quartiles were significantly different ($P < .001$) in the direction predicted, thus supporting the second hypothesis.

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CUSTOMER LOYALTY: AN EMPIRICAL INVESTIGATION OF OPERATIONALIZED MEASURES OF LOYALTY

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ABSTRACT

The growth in total quality management practices and the adoption of a marketing focus among firms has served to bring issues of customer satisfaction to the forefront of corporate focus and strategy. However, increasingly firms in some key industries are discovering that satisfaction alone is not a good predictor of customer profitability. This has important implications for organizations which have placed significant investment into systems designed to increase customer satisfaction. A growing body of literature exists suggesting that the

appropriate focus for an organization is to look beyond customer satisfaction to the issue of customer loyalty.

This paper will first review and synthesize the relevant literature on customer loyalty. Second, a model for measuring customer loyalty will be proposed. Third, the proposed measure will be operationalized in a testable format. Finally, the resulting measure will be empirically tested in an attempt to verify the predictive value of the measure.

ASSESSING THE INTERCULTURAL SENSITIVITY OF MARKETING STUDENTS

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ABSTRACT

This paper presents the results of an exploratory study using a theory-based instrument which measure a person's intercultural sensitivity. The results indicate that the marketing students studied (American/foreign, male/female) all had an "acceptable" level of intercultural sensitivity.

U.S. corporations have nearly 100,000 American employees on overseas assignment. Research shows that between 16% and 40% of these assignments will fail, costing their employers between \$250,000 and \$1,000,000 per employee. In addition, an estimated 7,000,000 people from outside of North America will come to the U.S. on business in 1997. The potential for cross-cultural mistakes and conflicts, both here and overseas, is very high. Little wonder that international executives rate cross-cultural adaptability as the most important criterion for success for an international business person.

To prepare marketing students for these challenges, the educator needs a reliable and valid method for determining the student's present cross-cultural adaptability. This papers reports on a theory-based instrument which measures a person's intercultural sensitivity. The Intercultural Sensitivity Inventory--ICSI (Bhawuk & Brislin, *International Journal of Intercultural Relations*, 1992) can be used by educators, trainers, and other human resource people to assess the intercultural adaptability of an individual.

The ICSI consists of 46 items on a Likert-type seven-point scale. The first section asks the respondents to answer 16 question about living in, and pursuing a career in the United States. The second section asks them to answer the same set of questions, this time imagining they are living in, and pursuing a

career in Japan. The final 14 items relate to open mindedness and flexibility. In addition, the respondents were asked a number of demographic questions, as well as questions about various intercultural experiences.

To test the instrument, the ICSI was applied to students at a liberal arts college in the Southeastern U.S. The survey produced 288 valid responses: 78 American males, 92 non-U.S. males; 62 American females, 56 non-U.S. females. All students were taking, or had taken marketing courses. Out of a possible 7.0 score, the American males had a mean of 4.3724 (.5862 standard deviation), while the non-U.S. males had a mean of 4.1928 (.5850). An analysis of variance (ANOVA) showed the variation was significant at .0480. American females had a mean of 4.5189 (.6227 standard deviation), while the non-U.S. females had a mean of 4.2562 (.4982). The variation was significant at .0133.

The results indicate that all four groups have an "acceptable" level of intercultural sensitivity. Research suggests that a person with a score below 3.0 would not be cross-culturally effective. The good news is that intercultural sensitivity is a learnable characteristic. Research has shown that intercultural skills can be improved through training. The authors of this paper are working with the creators of the ICSI to develop norms which will add interpretive value to the score. The authors are also in the process of collecting ICSI results form students *outside* the business discipline. The question to be explored is: Are we as marketing educators producing a cross-culturally effective graduate for the global marketplace?

Research indicates that people with higher ICSI scores are likely to change their behaviors

according to the cultural norms in which they find themselves; hence, they should be more effective than those with lower scores. It has been determined that a mean score below 3.0 would indicate that the individual was not

cross-culturally effective. The good news is that intercultural sensitivity is a learnable characteristic. Research has shown that intercultural skills can be improved through training.

HEURISTIC APPLICATION OF LAWS OF PUBLIC OPINION MANAGEMENT TO MARKETING PROMOTION PROBLEMS

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ABSTRACT

The "Laws" of Public Opinion Management represent a major body of knowledge which has demonstrable power. Marketing promotion science would be well served to utilize those portions of the "Laws" that are applicable. This article is a start in the dialogue to operationalize these concepts. The laws as modified by the author are numbered below:

1. Opinion is highly sensitive to important events.
2. Events of unusual magnitude are likely to swing public opinion possibly from one extreme to another.
 - a. Perception of the magnitude is controlled by the amount of media coverage.
 - b. The value of the magnitude of the event is determined by the kind of media coverage.

Product promotions campaigns should be constantly scanning for events of major importance to their target markets in which to align their products.

3. Opinion is generally determined more by events than by words--unless those words are themselves interpreted as "events."

Marketers should work closely with Public Relations and other media consultants to direct media 'spin' and coverage to take advantage of media coverage. This should include the use of oral, written or video 'semantics' to dramatize product claims.

4. Once self-interest is involved, opinions are not easily changed.

Where applicable promoters need to develop stratagems to communicate that lack of support for their products or service will effect target consumers regarding their personal hopes, aspirations and even fears. Fear is an effective tool used judiciously.

5. When an opinion is held by a slight majority or when opinion is not solidly structured, an accomplished fact tends to shift opinion in the direction of acceptance.

Correct and effective emotional portrayal of the product is more important during the early stages of the product life cycle than in the maturity stage.

6. At critical times, people become more sensitive to the adequacy of their leadership--if they have confidence in it, they are willing to assign more than usual responsibility to it; if they lack confidence in it, they are less tolerant than usual.

Additional work must be done to develop optimal product/customer profiles to allow closer matching of celebrity endorsements with promotional objectives.

Likeable, credible similar endorsers can allow the product to survive crises and mistakes and even product recalls.

Other areas for research: Differential handling of high and low loyalty and involvement consumers, power of the presenter, the brand as hero, prestige of the product placement.

INDIVIDUAL ECONOMIC BEHAVIOR: SOME CLUES TO THE ROLES OF INTERNAL AND EXTERNAL CONDITIONS AS MOTIVATORS FOR BEHAVIOR

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ABSTRACT

A survey of 842 respondents was conducted in three countries: the United States, Canada, and Australia. The U.S. and Canadian samples were randomly drawn from the general publics of those two countries. The Australian sample was limited to buyers of wine (a sample of opportunity). In all three countries, identical questions were asked covering several issues:

- perceptions of economic behavior changes occurring in the past three months;
- perceptions of changes in the economic circumstances in the past three months (including aspects of the general economy and aspects of individual financial circumstances);
- LOV scales of personal values, and demographics.

For this work in progress, stage one of analysis is complete. The various indicators of economic circumstances have been factor analyzed and four factors have been selected: (1) interest rates, (2) economic indicators (taxes, inflation, unemployment), (3) confidence

in the economy, and (4) personal economic conditions (job security and personal income). (NOTE: every item loaded on its factor with a loading of .60 or higher and no item loaded on any other factor by more than .40.) Orthogonal factor scores for these four factors were used in multiple regression analyses for four indicators of individual economic behavior: changes in personal indebtedness, changes in levels of spending on necessities, changes in levels of spending on discretionary items, and changes in savings.

Regressions were completed for the total sample of 842 individuals and also separately for each sample. The beta coefficients for the predictors from each country sample were compared with the beta coefficients for the other two countries. Of the 48 pair of beta coefficients tested, only one pair (Canada vs Australia, the beta coefficient for the personal circumstances factor in predicting changes in indebtedness) showed a statistically significant difference. Subsequent analyses used only the total sample. Total sample regression results are shown below in the table.

Dependent Variable	Adjusted r^2	Interest Rates	General Economic Indicators	Confidence in the Economy	Personal Economic Circumstances
Indebtedness	.05	.14*	.33*	-.02	-.14*
Necessary Spending	.11	.08*	.36*	.04	.0
Discretionary Spending	.09	.00	.06	.19*	.35*
Savings	.22	.04	-.27*	.27*	.67*

* = statistically significant beta coefficient at $\alpha < 0.05$.

These results suggest that for non-discretionary behaviors (indebtedness, spending on necessities) the behaviors are more closely related to external factors (interest rates, economic indicators). In contrast, when the behavior is optional (discretionary spending, savings), the

more personal factors (confidence, personal economic conditions) are better predictors. Stage two of the analysis will incorporate personal values and demographics as moderators of these relationships. At that time, the country samples will be revisited.

MARKETING STRATEGY RESPONSE TO EUROPEAN INTEGRATION - AN OPINION OF MARKETING FACULTY MEMBERS

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ABSTRACT

The integration of European Community is expected to reshape the global marketing, economic and political environments with far-reaching implications for trade relationships between the states of European Union (EU) as well as the EU and non-EU countries. Several business and academic communities have examined the implications of EU for the export trade of non-EU countries. Abdoo, Ryans and Rau (1992) surveyed the opinion of US District Export Council members' views on the effect that non-EU exporting firms are likely to face in EU markets. Quelch, Buzzell and Salama (1992) conducted a survey among the executives of EU and non-EU companies on the likely changes they expect in their companies' product, price, distribution and promotion strategies in the EU markets. In this study we

expand this dialogue. We surveyed the expert opinion of international marketing faculty members from developed and developing countries around the world on the effectiveness of various marketing measures that exporters from their countries may adopt to improve their competitive position within the EU markets.

A total of 345 questionnaires were sent out to the faculty members, selected randomly from the 1995 AMA Directory and representing 18 US and non-US/non-EU countries. A factor analysis of their responses produced five major types of marketing measures. In terms of their effectiveness of improving the exporter position in the EU, these measures are listed below, along with mean response values on five-point scale:

Focus of Marketing Measure	Mean Value*
Improving product quality/trade promotion	3.87
Forming cross-border alliances	3.75
Expanding sales offices in EU markets	3.65
Cultivating governmental export programs	3.63
Pursuing aggressive pricing/advertising programs	3.23

*Higher values imply greater effectiveness.

DESTINATION BRANDING AND POSITIONING - THE TASMANIA EXPERIENCE, ITS UNIQUE CHARACTERISTICS AND IMPLICATIONS

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ABSTRACT

This paper examines considerations and implications unique to the branding and positioning of a tourism destination, with particular reference to the marketing of Tasmania, and

proposes a model for destination marketing and management applicable to locations of a type exemplified by Tasmania.

INTRODUCTION

The role, significance and inter-relationship of branding and positioning are well established in marketing theory and practice alike. The branding and positioning of a tourism destination, however, necessitates due regard for a number of considerations unique to this context or setting, and provides marketers with challenges of a different kind to those typically faced by marketers of goods and services.

THE ROLE AND SIGNIFICANCE OF BRANDING

Fundamentally, branding is a means of creating a product/service identity and, thereby, enabling customers to differentiate between product/service offerings within a related category. Strategically, however, branding accomplishes much more than this alone. An established brand is, effectively, a complex symbol which may connote a variety of meanings. These include a product's/service's attributes, benefits, values and personality, the image and culture of the producer, and the profile of the intended user (Kapferer 1992). Consequently a brand comes to stand for, or represent the complex nature and characteristics of a product/service offering and the organisation behind it. In turn, this means that a brand can become something in which resides an accumulated asset value. David Aaker refers to this as *brand equity*, and he proposes that brand equity is made up of five main factors: brand loyalty, name awareness,

perceived quality, brand associations in addition to perceived quality, and other proprietary brand assets including, for example, patents, trademarks and channel relationships (Aaker 1991). In other words, brands have value to organisations, and the locus of this value lies in how widely known and regarded a brand is, what it stands for and connotes, and the extent to which customers are loyal to it (and, thereby, the organisation which owns it), because of what it represents.

We may say, therefore, that the role of a brand is to provide an iconic identity for a product/service, to help distinguish it from competitive offerings, to represent the cumulative attributes, values and benefits of a product/service offering, to attract and appeal to the nature, characteristics, needs and motivations of intended customers. Furthermore, a brand plays an important role in encouraging and maintaining repeat patronage which results in a level of customer preference, loyalty and commitment. The significance of this role, of what a brand stands for and how it is regarded, lies in the connotations associated with it. This is to say that what is associated with a brand, good and/or bad, is what really gives a product/service its full identity and competitive differentiation, and is crucial to how a brand is regarded. This means that the onus on a marketer is to create, build and nurture brand-related associations which are conducive to a favourable disposition towards a given brand by customers at which it is aimed, and to ensure that the product/service offering continues to

fulfil that which is connoted by the brand and the expectations thereby created.

Aaker shows how brand associations create value by differentiating one product/service offering from another, by facilitating and simplifying the consumer decision-making process, by creating attitudes and feelings favourably disposed towards purchasing, and by providing powerful reasons to purchase. He goes on to provide a typology of associations, that is ways in which useful brand associations may be formed. These include product attributes, intangibles, benefits to the customer, relative price, the product use/application, the nature, personality and lifestyle of the user/customer, the product class, celebrities who may be associated with the product, competitors, and the country or geographic area in which the good is produced (Aaker 1991). Considering what he proposes from a customer's perspective we may also infer that customers form brand associations with reference to one or more of these same considerations. For many reasons these may vary from the intended affect, and consequently, a marketer must strive to ensure synergy between associations purposefully created, and those attributed or inferred by a consumer.

BRANDING A TOURISM DESTINATION - RELEVANCE AND IMPLICATIONS

The term 'tourism destination' is used here to refer to major geographical locations, such as countries, cities and regional areas, encompassing a variety of attractions, as distinct from identified national parks, theme parks, and particular localised attractions such as re-developed dockside areas and shopping precincts. Branding, or at least naming, in one form or another, occurs in all of these instances. Our focus here is on the branding of major geographic locations marketed as tourism destinations.

Branding - Pre-Requisites

Kotler, Bowen and Makens (1996) propose five conditions pivotal to the branding decision. These are:

1. That the product be easy to identify by a brand or trademark.

2. That the product is perceived as the best value for price.
3. That quality and standards are easy to maintain.
4. That the demand for the general product class is large enough to support a regional, national, or international chain, advertising and administrative overheads.
5. That there are economies of scale.

Not all of these are necessarily or straightforwardly satisfied in marketing a tourism destination. Each, however, can be shown to have relevance in this context. Satisfying the first condition hinges, *inter alia*, on the nature, identity, distinctiveness and appeal of natural and other developed attributes, and how well or otherwise these lend themselves to, or facilitate unified branding. Places like New York, Paris, Venice, Rome, the Loire Valley, the Amazon and the Nile are, each in their own way, sufficiently well established and known, distinctive and evocative, to enable effective marketing activity built around the name alone. By contrast, other places, despite being well established and known, are less conducive to brand-focused marketing. This may be because of their lack of identity or distinctiveness, or because their identity and appeal reside not in the place itself but in particular independent attractions with which the place has come to be associated. It could be said, for example, that the visitor attraction and appeal of Los Angeles lies more in places like Disneyland and Universal Studios than it does in the nature of the city itself. This means that marketing Los Angeles as a tourist destination depends heavily on its independent commercial attractions or events. Consequently the Los Angeles brand identity becomes subsumed by the identity of its attractions. Therefore, for a tourism destination to be effectively branded and marketed in its own right, and in the sense implied by Kotler *et al.*, a necessary condition would seem to be distinctive natural and developed attributes which serve to give a location *per se* a particular character, identity and appeal.

The second condition proposed by Kotler, Bowen and Makens should not be taken to

imply that the service product offering must necessarily be the cheapest or most affordable when branding and marketing a tourism destination. Some package tours to what are perceived as similar and comparable destinations may well be assessed with reference to value for money, in the sense of maximising gain and minimising cost, as may be the destinations themselves when considering how far one's dollar will go there. The appeal and value of other destinations, however, including St. Moritz, Chamonix and Tokyo for example, lie in the distinctive quality of experience they afford. Therefore, when branding and marketing a tourism destination, one must understand how value is assessed by visitors being targeted, and just what it is that constitutes the value-for-price equation.

The condition of quality and standards is problematic since it depends on individual perceptions and value judgments. Also, the marketer of a tourism destination has little or no control over what is actually perceived and experienced by visitors. This is because visitor attitudes, perceptions and judgments are formed not only with reference to the place or destination itself but, also, in the light of their experience with sundry service providers beyond the direct control of the destination marketer. Therefore, where the identity, attraction and appeal of a tourism destination is strongly grounded in, and dependent upon its natural and developed endowments, there is a responsibility on the part of the destination marketer to ensure that visitor expectations are suitably fulfilled, and to take an active interest in the service industries and infrastructure that cater for these visitors. In this way a destination marketer may be able to exercise some influence over the quality and standards of what visitors experience and, thereby, work towards achieving cohesion in what is marketed, offered and experienced.

In the sense with which tourism destinations are being discussed here, the fourth condition specified by Kotler, Bowen and Makens, in its original context, is not directly applicable. However, extending their precept that demand for the product class must be large enough to encourage and support national expansion, one might say that potential value for a destination marketer lies in considering how interest in one particular place within a state, region or city

might be leveraged into interest in other locations within that same state, region or city. In this way visitors may be encouraged to extend their stay, and their economic contribution to the destination may be increased. In other words, if the innate attraction and appeal of a destination can be shown to exist and be manifest in more than one location, then it behoves a destination marketer to find ways of encouraging visitors to these locations and, thereby, to elongate their stay.

Achieving economies of scale, the fifth condition, is clearly an objective to be pursued in branding and marketing a tourism destination. This is to say that economic and cost benefits are to be derived from increasing the number, frequency and flow of visitors to a tourism destination. The degree of achievability of this objective, however, is directly related to the effectiveness of marketing activity and the incremental numbers of visitors that a tourism destination and its service industry infrastructure can satisfactorily accommodate. This means that the feasibility and desirability of pursuing economies of scale will be influenced by infrastructural capacity and capabilities, and by the likely effect on visitor attitudes, perceptions and behaviour. Consequently we may say that the achievability and feasibility of pursuing economies of scale in and through the marketing of a tourism destination need to be tempered with regard for the implications and likely ramifications of doing so, considerations which, in turn, have a bearing on the desirability of doing so.

Kotler et al's conditions, then, are broadly applicable to branding a tourism destination. Meeting each of them, however, requires due regard for particular considerations unique to destination marketing, and the implications arising from these. For instance, the destination needs to possess a distinctive and readily identifiable character capable of being adequately represented in a single brand. The extent to which this is feasible is directly dependent upon the nature of the place itself which, unlike product marketing, is not under the destination marketer's *aegis*, and may not easily lend itself to marketing manipulation. Correspondingly, because the destination marketer's responsibility does not extend to the level of individual visitor experience, the gap between what is expected and what is ulti-

mately received may be great and not easily closed.¹

Returning to Aaker, it was noted that his definition of brand equity includes five key elements: brand loyalty, name awareness, other proprietary assets, brand associations, and perceived quality. The last two of these in particular hinge on how a brand is positioned in the minds of target market consumers. This is to say that brand equity is to some extent contingent upon product and brand positioning. Therefore, any discussion of destination branding must also take into account the positioning of a destination, how this relates to the brand and what it connotes, and how this positioning is captured or reflected in the branding strategy.

The Role of Positioning

Ries and Trout (1981) are adamant that a destination can be positioned as effectively and successfully as any product. They assert that successful destination marketing and positioning results in powerful mental images which serve to differentiate one destination from another and give a destination its particular identity. Clearly this correlates with what Aaker (1991) has to say about brand associations, and the connotative power of brands emphasised by Kapferer (1992). Ries and Trout propose: 'To position a country as a destination, you need attractions that will keep the traveller around for at least a few days' (p.175). Correspondingly, Kotler, Bowen and Makens state: 'Tourist destinations are products. They need to be positioned and promoted just as other products do' (1996, p.634). They provide examples of cities that have successfully positioned or re-positioned themselves on the basis of natural beauty, heritage, sporting and recreation amenities, cultural festivals, competitions, local or regional food and beverage production, and stress the importance of offering a package of attractions and amenities which collectively serve to provide a destination with its particular identity, attraction

and appeal. This means that for the marketing of a tourism destination to be effective and successful it is necessary to identify and/or create salient features and attributes which will give the destination a distinctive and appealing identity, and then to capture and reflect those in suitable positioning and branding strategies. The positioning strategy defines and differentiates the destination with reference to the uniqueness and appeal of its features and attributes. The branding strategy provides the means by which these attributes, connotations and associations are evoked through the design and use of a suitable name, logo and symbols.

The use of icons and symbols is of central importance to the branding process because, as well as fitting marketing theory, it is required if tourism strategies are to fit in with deep seated patterns behind the exterior of the post-modern world. As Harvey (1989) suggests, this is characterised by, amongst other things, a compression of space and time. The five effects of this (also noted by Urry in his 1992 discussion of the 'tourist gaze') include accentuation of the ephemeral in products, emphasis on disposability, short-termism, the presence and proliferation of images and icons which exemplify this compression of space-time. The first three characteristics at least partly account for the appeal of wilderness and nature since people strive to escape the ephemeral, the plastic, the short-term. The last two, perhaps ironically, indicate the necessity of marketing nature through icons and symbols but also emphasise the need to set up symbols that have a solid position in the market place. The (hopefully) eternal marketed by as solid as possible a manifestation of the ephemeral, a challenge not dissimilar to that faced by service marketers who aim to tangibilize the intangible.

Benefits of well implemented branding accrue to visitors, tourism and hospitality industry service providers and suppliers, local business and industry. Prospective visitors form mental images and associations, perceptions and expectations, which help them to

¹For a fuller discussion of customer expectations and performance perceptions refer Zeithaml, Parasuraman and Berry's Conceptual Model of Service Quality in *Delivering Quality Service*, The Free Press, 1990. Note, however, that closing the gap between expectations and perceptions is more practicable and manageable in a service setting than in the context of marketing a tourism destination.

distinguish between destinations, and to do so quickly and evocatively. Furthermore, if, as posited by some (ref. Zeithaml and Bitner 1996; Bateson 1995; Dowling 1988; Guseman 1981; Zeithaml 1981), consumers perceive greater risks with services than with tangible goods, then effective positioning and branding will serve to ameliorate the sense of apprehension or risk and make the decision to travel a more confident one. Operators within a destination's tourism and hospitality industry are provided with a unifying identity and a means by which visitors can be effectively attracted. Local business and industry benefit from the flow-on economic growth generated.

In the services marketing literature Stell and Fisk (1986) propose a two-part conceptual model for the creation and management of a consistent service image. The first part, image creation, involves communicating information to customers; the second, image management, requires a service provider to meet or exceed the image expected as a consequence of communications by focusing on the service consumption experience. As noted above, a destination marketer has little or no control over the latter, and this creates a problematic situation atypical of product and services marketing. Image creation, however, is very much in the hands of destination marketers, and effective positioning and branding play a vital role in this, as demonstrated in the following analysis of the positioning and branding of Tasmania, Australia's smallest and most wilderness-rich state.

POSITIONING AND BRANDING TASMANIA AS A TOURISM DESTINATION

The Place

Tasmania is fortunate to possess many natural attributes which attract visitors from all over the world as well as from within Australia. These attributes and attractions include an abundance of inland waterways, immense forests, extensive mountain ranges, clean beaches, some of the most picturesque views in all of Australia, and an environment conducive to numerous sporting and recreational activities including all water sports, skiing, fishing, hunting, bushwalking, caving and

camping. Moreover, it is a virtual icon of Australia's colonial history with a rich architectural heritage that can be enjoyed throughout the island state. The tourism industry is also well developed, with a great diversity of accommodation offered, from five-star hotels to colonial bed-and-breakfast establishments. There are also copious attractions, including historical sites, scenic cruises and flights, and throughout the year there are numerous special events staged specifically to attract visitors to particular parts of the state. Tasmania enjoys an enviable reputation for the quality of its natural produce, especially its seafood and wines; and the range and quality of arts and crafts produced in the state also is of a very high calibre. In sum, Tasmania is a clean, green, pure, peaceful and largely unspoiled environment, possessed of a well preserved historic old world charm, friendly and hospitable people, and diverse amenities. It is also perceived by visitors as an excellent 'value-for-money' destination because it offers so much to see and do at very affordable prices.

The significance of the natural environment as the basis of these impressive list of attributes cannot be overstated. Tourism infrastructure and quality produce are certainly important but behind them is the source of most appeal, relatively unspoiled areas of natural wilderness, and coastal beauty.

Competitive Positioning

Despite these many advantages, however, research commissioned by the Department of Tourism between 1991 and 1995 showed that Tasmania's salience as a tourism destination remained low relative to other Australian destinations amongst non-visitors to the state. When compared to competing destinations, non-visitors to Tasmania perceived the place as cold and wet, not as accessible as mainland destinations, lacking sufficient contrast, diversity and uniqueness, suitable more for older people, and not as involving as other destinations. By contrast, visitors to Tasmania typically express high levels of satisfaction and delight with almost all aspects of their holiday experience in the state, and surprise that the nature and quality of what they experienced was in many respects quite different from what

they had expected or anticipated² (*Strategy Development Study*, Jan. 1995). For the Department of Tourism this represented a dichotomy that had to be addressed.

From about 1991, Tasmania had been positioned as '*Australia's Best Holiday*'. This positioning statement was used in all advertising, brochures and marketing literature used by the Department both within and without Australia. Within the Department there was little doubt that this positioning strategy, despite the fact that it did not highlight any specific competitive advantages of the state, served to attain the increase in visitor numbers experienced annually from 1991 through 1995. At the same time, however, research began to reveal two significant attitudinal trends. One was manifest in perceptions of Tasmania amongst non-visitors, and the other in an apparent gap between expressed intention to travel and actual travel to the state. The former was born of misconceptions about Tasmania's climate and the range of activities offered, in turn born of insufficient information. This served to fuel the latter which also was exacerbated by aggressive marketing activities undertaken during this period by Queensland, New South Wales, Victoria, and the Northern Territory, and by New Zealand. What this meant was that prospective visitors to Tasmania were being discouraged from making the decision to holiday in the state (a) because of their own misconceptions; (b) because of the lure and promises of other destinations; and (c) because perceptions were more favourably disposed towards other destinations than they were to Tasmania. The need to counter these developments was recognised, and so towards the end of 1995 the Department of Tourism set about re-positioning Tasmania as a tourism destination, with the dual aim of changing perceptions and misconceptions of the state, and attracting increased visitor numbers to the state.

Three main target market segments were identified and profiled: the socially aware, visible achievers, and the traditional family life market. Because value perceptions differ

between each group, it was appreciated that the new positioning statement would need to accommodate and reflect these differences in a way meaningful to each segment. At the same time, it was believed that this new positioning statement had to adequately represent Tasmania's core equity, to distinguish it effectively from other destination options, New Zealand in particular, and to '... include some promise of an enriching personal experience for future visitors to the state' (*Strategies for Growth*, p.8). The resulting positioning statement was/is 'Tasmania. Discover your natural state'. This and the branding logo are shown in [Figure 1](#).



FIGURE 1
Tasmania's Positioning and Branding (1996)

Discussion

The positioning statement and the branding logo fulfil most of the qualities often cited as desirable in a brand name (ref. Robertson 1989, pp. 61-70; McCarthy and Perreault 1993, p. 274). The statement is short and simple, distinctive, easy to read and remember, suggestive of (service) product benefits, and credible. Moreover, it has an evocative appeal inasmuch as it conveys an opportunity for discovering one's own self, a key benefit from a Tasmanian holiday according to the research data. The

²This phenomenon is effectively the inverse of the gap identified and discussed by Zeithaml, Parasuraman and Berry, and the challenge lies not so much in improving visitors' satisfaction levels (although this may indeed be desirable in particular service settings) as it does in communicating adequately and comprehensively what Tasmania has to offer.

positioning statement and logo also appear to fulfil something of Aaker's typology of useful brand associations: something of the destination's natural attributes is represented, and there is an innate appeal to the nature and aspirations of the targeted visitor. The logo symbolically represents Tasmania's natural setting, wildlife, attributes and appeal, and also is characterised by its simplicity, clean lines and distinctiveness. In colour, the vibrant blue and green hues of the water and grass respectively instantly establish and emphasise the destination's natural environment. The stripes of the extinct Tasmanian tiger, blending with the blades of grass in the background, are designed to represent the spirit of mystery and discovery that the destination promises. Taken together, the positioning statement and logo constitute an effective brand well adaptable to all forms of marketing communications activity, including collateral merchandising.

This re-positioning strategy has been supported by a substantial and extensive advertising and promotional campaign throughout Australia and in selected international markets. Television advertisements pointedly featured either couples deemed to be representative of the target markets, or aspirational role models for potential visitors. Consumer response to the advertising was tracked at the beginning of each month, commencing in February 1996. The results of this research, and of focus group discussions undertaken in June, indicate that the campaign is having its desired effect. Advertising awareness and intention to travel have been, perhaps predictably, markedly increased. More significantly, however, the message 'take-out' appears to be such that previous misconceptions of Tasmania are being corrected, and that the intention to visit within target market groups has strengthened considerably.

OPPORTUNITIES, PROBLEMS AND CHALLENGES

Service Product Management

Possibly the most significant issue, which is at once a combined opportunity, problem and challenge, is that of quality management and maintenance, Kotler et al's third branding condition. This arises from the fact that whereas the Department of Tourism has responsibility for marketing the destination as a whole, and

attracting visitors to the state, it has little or no control over what is actually experienced by visitors, the management, marketing and maintenance of which reside in the hands of others. This is atypical of most marketing situations. Even in a traditional service setting, such as a hotel, financial institution or professional service, a marketing manager (where one exists) has the opportunity to exercise at least some influence, if not outright control, over what is offered and the manner of delivery. By contrast, the destination marketer is responsible for positioning, branding, and marketing communications, but not for the actual 'service product' (in fact a variety of service products) and its manner of delivery.

The present positioning and branding of Tasmania as a tourism destination is firmly grounded in the state's natural attributes and appeal. This means that the natural environment, upon which the present marketing strategy is heavily dependent, is effectively a pivotal 'service product' forming a key part of this strategy. Therefore the maintenance and management of this natural resource, in the form of wilderness, waterways, forests, parklands, historic sites et al., is critical, to the end of ensuring that visitor expectations are satisfactorily fulfilled. This creates both an opportunity and a challenge. The marketer, in this case the Department of Tourism, has no direct control over the management of natural resources, the responsibility for which rests with a variety of state instrumentalities including, for example, the Department of Environment and Land Management, and Forestry Tasmania. It is therefore incumbent upon the Department of Tourism to liaise and co-operate with these various other Departments and instrumentalities, including local and regional councils, regulatory authorities, and regional marketing bodies, in order to ensure synergies and consistency between what is marketed and managed, and between marketing of the state as a whole and the marketing of any one particular part of it.

Marketing Communications

The challenging task identified above becomes easier as facilitating structures are built into the structure of the Government system. These include mechanisms such as well constituted and staffed inter-departmental committees to consider tourism strategy; inter-

departmental research units that gather and share tourism related information from and between all relevant departments; and liaison roles that ensure that this information is widely disseminated within government. The result is an information rich planning system, enabling enlightened decision-making, capable of implementing tourism strategy which fully accommodates and reflects a unifying vision of a sustainable tourism future.

In sharing of information between stakeholders in the tourism industry there is a risk that discontinuities will arise between the service product, how it is delivered and marketing communications. To help overcome this, an effective sharing of information is required between government and other tourism stakeholders, particularly industry service providers. Again here the destination marketer has little or no control over what is actually experienced by visitors. Therefore the Department of Tourism is faced with both an opportunity and a challenge, the nature of which lies in how the standard, quality and consistency of what is provided for visitors is satisfactorily managed and maintained. This extends to categories of accommodation, restaurants, shops and markets, buildings and signage, events and attractions. Clearly it is a complex issue, and one not easily resolved. Yet it must be recognised that the fulfilment of visitor expectations, which are formed by the Department's marketing activities, resides in what is actually experienced. Therefore although the management of what visitors experience lies in the hands of individual service providers independent of the destination marketer, the Department of Tourism must strive to bring about a mutually acceptable standard and consistency of service provision across a wide range of service industry sectors, to the ends of ensuring visitor satisfaction, positive word-of-mouth and referrals, and repeat patronage.

Brand Leveraging

Brand extension opportunities lie in a number of directly and indirectly related industries. For example, special adventure tours, excursions, events and lifestyle programs could be jointly developed by the Department and industry partners to reinforce the positioning and branding, to attract particular market segments, and to extend the 'product portfolio'. A related grading and identification system could be

developed for local produce and crafts; special programs for television and/or cinema release could be devised and produced; and a range of artistic endeavours could be encouraged and promoted. In ways such as these the range and diversity of what Tasmania has to offer could be suitably augmented, in a manner compatible with, and complementary to, the state's positioning and branding as a tourism destination. In so doing, its distinctiveness and appeal would be enhanced, and its identity promulgated more widely.

Targeting Relevance

Care must be taken to ensure that Tasmania's positioning, and how this is communicated, remains relevant to the markets targeted. In the same way that a product experiences a life cycle which is affected, *inter alia*, by changes in market needs, wants, attitudes and behaviour, competitive and socio-economic trends and developments, and which must be duly managed to cope adequately with these dynamics, so too must the marketing of a tourism destination be similarly and sufficiently managed. This responsibility, however, rests not only with the destination marketer but with industry partners and individual service providers. Therefore the nature and management of these relationships is crucial to Tasmania's future viability and prosperity as a tourism destination.

Management of the Environment

At least one further issue warrants attention here. This is the matter of management of the natural environment. The marketing and management of a tourism destination such as that typified by Tasmania presents a challenge: on the one hand there is an economic objective to attract increasing numbers (and thereby achieve the economies of scale recommended by Kotler); on the other, there is the need to ensure that this does not degrade the natural environment to a point that is unsustainable or unacceptable to visitors and residents alike. Indeed as Kotler himself advocates: 'Tourist development must balance the temptation to maximise tourist dollars with preservation of the natural tourist attractions and the quality of life for local residents' (Kotler, Bowen and Makens 1996, p.638). This is a complex and challenging issue which involves the interests of many both within and without the tourism

industry. Consequently it is an issue, the management responsibility of which must ultimately rest with the State Government, yet which concomitantly must be acknowledged and accepted by all involved or interested in tourism and its cumulative affect on a destination. This too, then, creates a situation atypical of most product/services marketing because responsibility for the management and maintenance of the total 'service product', in this case a destination, is vested in many more than the instrumentality directly responsible for its marketing, positioning and branding.

The argument of this section of our paper can be brought together by a stakeholder analysis. Legitimate stakeholders in the tourism industry include the people of Tasmania, tourists, tourism service providers, the Tasmanian Government and its departments, the Department of Tourism, and the natural world which is the ultimate stakeholder. This status, also discussed in recent strategic management literature (Stead and Stead 1996; Starik 1995, Hanson 1996), reflects our argument that most tourism in Tasmania depends on nature. From this emerges a contrast between what might be characterised as an 'old style' tourism industry and a 'new style' orientation. The former takes nature for granted and is represented by service providers who pursue their activities in relative isolation from regulators and competitors; the latter is information rich, collaborative and recognises the importance of nature. This contrast is illustrated in [Figure 2](#).

In the new style, the integrating symbols of the brand help tie together stakeholders into an integrated system, in realisation of earlier analysis of conditions for branding. In this analysis it was suggested that destinations such as that exemplified by Tasmania can provide a distinctive nature-based experience, thereby meeting condition one. We suggested too that any locational disadvantages with price implications can be balanced by understanding determinants of value, and by successfully catalysing the perception that what a destination has to offer is unique.

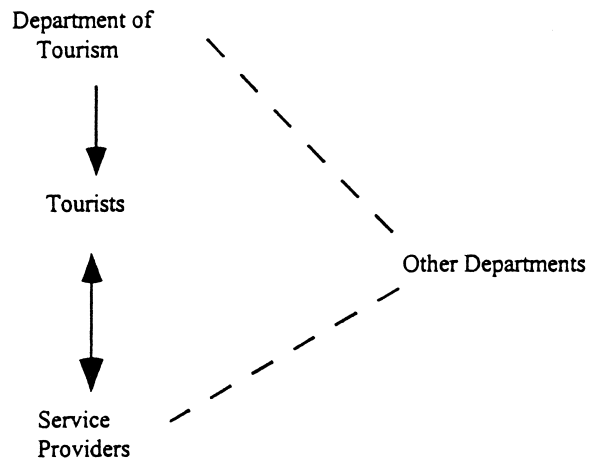
This, however, provides a distinct challenge for the destination marketer who is responsible for the creation of favourable imagery and perceptions, but unable to control the complex experience of visitors or the behaviour of

service providers. Our answer to this problem has been to offer a different, more integrative, perspective for the tourism industry and the information structure that is a part of it.

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Old Style



New Style

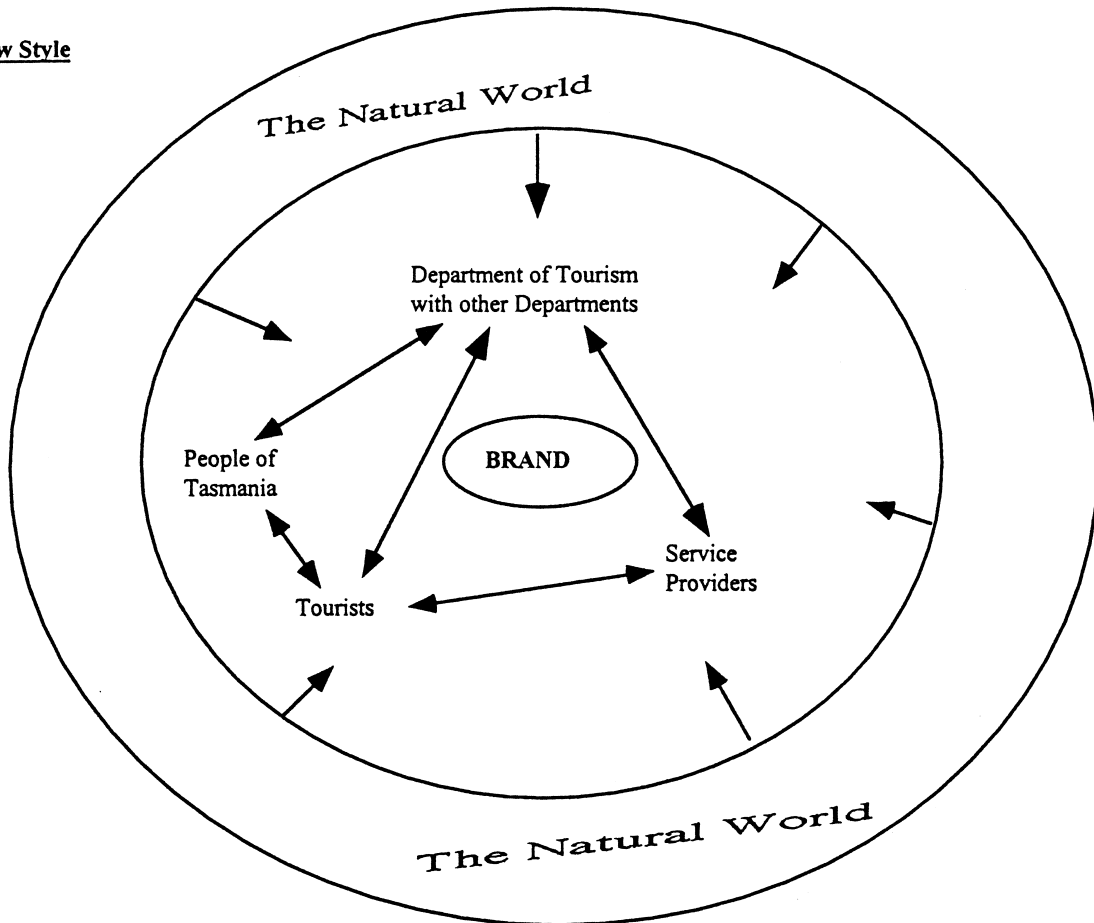


FIGURE 2
Old and New Style Tourism Management

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BRANDING TOURISM DESTINATIONS: A RESEARCH AGENDA

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ABSTRACT

The increasing flow of international tourists (WTO 1997) to an ever increasing number of destinations introduces the relatively new option of branding tourism destinations as a means to secure constantly rising economic, physical and social investments in this industry (WTTC 1995). This study analyses inherent problems of branding tourist destinations.

While branding in the product market and few examples in the services industry afford us with an initial knowledge base, the contents and structure of the tourism industry is sufficiently different to warrant a more detailed listing and analysis of impacting variables on destination branding. The need to more effectively differentiate destinations raises the question of how an industry as diverse and fragmented as tourism can be branded and a brand's impact on tourism generating (guests) as well as receiving areas (hosts) be planned, developed, controlled and measured. The diversity and endogenous growth of systemic elements at a destination, furthermore, adds to the already limited control over distribution channels and supra-regional and environmental changes.

The most important source of uncertainty in the destination-branding process is the tourist herself. Given induced images through promotional efforts, the tourist also has organic images of destinations (Gunn 1972), thus adding to the pool of destination attributes that need addressing by marketers. Instead of creating a new, man-made system of symbols and meanings, destination-brand development implies considerations of historical and contemporary truths as well as stereotypical and idiosyncratic perceptions. In an international context, the post-modern perspective of how tourists create meaning (Urry 1992) of branding messages adds individual variety into the array of cross-cultural differences of value systems (Schwartz 1992). In the light of these issues

the notion of brand equity (Aaker 1991) needs to be re-evaluated as well.

A paramount source of uncertainty is the host, both as the native service deliverer and the destination's resident. Well-designed staff training programs can help re-enforce proffered brand values by considering the technological aspects of service (Boshoff & Gnoth 1997). The process of branding should produce benefits at three levels: the instrumental, the experiential and the symbolic (Keller 1993). These levels correspond with and give substance to the instrumental and expressive spheres in the technology of service (Gnoth 1994) whereby the experiential and symbolic brand attributes guide the process of service design and delivery. Design and measurement issues here refer to the creation of symbolic brand benefits and experiences as the most important differentiating attributes impacting satisfaction (Keller 1993).

In addition, hosts are often themselves attractions within the context of tourists' cultural experiences. The resident population becomes thus part of the brand, yet the 'script', either implied or spelt out by the brand, can, over time, raise ethical issues. They must be raised in terms of the extent to which attributes of the brand and host behavior are not commensurate, as well as the extent to which hosts can or should be held responsible to 'perform' the script.

Unknowingly, hosts who welcome tourism as an additional or new source of income, often find themselves in a group-forming or socialization process in which trust and secrecy (Fine and Holyfield 1996) and changing power bases (Boris and Jemison 1989) create an instable and often disharmonious co-existence between 'branding partners' over time. Such issues relating to the particular forms and goals of socialization processes also need to be

addressed in the context of differences between branding urban, rural and resort-type destinations as the notion of (social) place and organizational complexity are likely to differ.

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TOWARDS AN UNDERSTANDING OF BRANDING FOR RURAL TOURISM DESTINATIONS

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ABSTRACT

This working paper examines the benefits and problems associated with branding the rural tourism product at the destination, and explores possible methods of categorizing such brands for management purposes. The primary objective of this on going research is to develop a best practice guide for branding rural tourism destinations.

Branding is not new to the tourism industry (Okoroafu, 1989). Household names occur in each of the supply sectors; British Airways, Marriott, Hertz, American Express etc. Destination brands, however, are less well developed (Goodall, 1990). All tourism brands understand the perishable, intangible, variable and inseparable nature of their products, but destination brands are 'owned' by the many stakeholders contained within the geographic boundary. Unlike sector brands, destination brands are subject to the forces of co-operation and persuasion, rather than to direct control. Middleton (1988) portrays the national tourist administrations (NTA's) as 'facilitators', a view endorsed by a survey of NTA's which cited bridge-building and co-ordination between the various public and private sector elements as increasingly within the remit of NTAs (World Tourism Organization, 1995).

This paper addresses two of the subsidiary research objectives; firstly, to identify the benefits and problems associated with branding for rural tourism destinations, and, secondly, to categorize the current brands as exhibited in England with the intention of providing insights for brand management. The primary research will use the framework of rural tourism destination brands devised through secondary research for a series of semi-structured interviews with key informants for case study brands. The preliminary guide devised from the analysis of this data will then form the basis of a mail survey, which will aid the production of the final guide for best practice.

Gannon (1995) argues that rural tourism has a particularly weak image that belies its economic status, and favors the development of a 'credible identity' supported by a 'quality seal' for the product. The paper identifies six key benefits of branding for rural tourism destinations, ranging from the general to the specific; for example, the provision of a focus for producer effort in an otherwise disparate product. The main problems revolve around the three linking themes of inconsistency, co-ordination, and quality. Methods for the categorization of rural tourism destination brands as displayed under the 'England' company tourism brand include single criterion, continua, and matrices. The paper concludes with a discussion of the relative merits of particular brand categories with respect to marketing the rural tourism destination product.

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COMPARATIVE MEASUREMENT OF THE BRANDS OF TOURISM DESTINATIONS

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ABSTRACT

Issues surrounding the branding of tourism destinations are important for managers because destination image can be used to positively affect a potential customer's perceptions and so influence purchases of holidays to that destination. Research into the branding of tourism destinations concentrates on the branding of individual destinations. However, it would be useful for marketers to have an overall measure of brand equity to assist in the comparison of tourism brands across the industry. Thus this paper presents a way to measure customer-based brand equity of a number of tourism destinations, to *compare* them. The research contributes to the fields of brand equity and tourism marketing, empirically investigating brand marketing concepts in the new context of the tourism industry.

Little empirical research into the measurement of customer-based brand equity has been done, and few studies consider services like those provided by a tourism destination. This paper presents a way to measure tourism destination brands through an adaptation of the goods-based brand equity conceptualisation and method proposed by Park and Srinivasan (1994) and illustrates its use with research project data about Australian domestic tour wholesalers.

Park and Srinivasan operationally defined brand equity in strategic terms as 'the difference between an individual consumer's overall brand preference and his or her multi-attributed preference based on [several] objectively measured attribute levels' (p. 273). Prior brand equity research into the service of Australian domestic tour wholesaler brands found that the only attribute that could be measured objectively was commission levels.

Similarly, distance to the tourism destination may be the only objective attribute for the brands of tourism destinations. The domestic tour wholesaler research developed methods of identifying some relatively subjective attributes or associations of a service, modifying the 'objectively measured attribute levels' (p. 273) of Park and Srinivasan with 'identified service attribute levels' such as helpfulness of staff. That is, overall customer preference consists of customer preference for these identified attributes plus customer preference for other, unidentified sources of equity. Brand equity is therefore this overall customer preference less preference for any objectively measured attribute like commission or distance.

Thus a research project about tourism destination brands would have two stages. The first stage would establish *what* attributes to measure when examining tourism brands, using qualitative research. The second stage of the research program would use a survey of current customers to measure the brand equities of tourism destinations. That is, stage two determines *how* to measure the customer-based brand equities.

In brief, the measure adapted from Park and Srinivasan (1994) was used to investigate the tourism industry of domestic tour wholesalers and may also be used to comparatively measure the brands of tourism destinations.

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MEASURING THE IMPULSE BUYING TENDENCY: A CONSTRUCT VALIDITY ASSESSMENT

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ABSTRACT

This paper presents a construct validity assessment of the impulse buying tendency. The Rook and Fisher (1995) and Beatty and

Ferrell (1996) scales are evaluated for convergent, discriminant, and nomological validity.

INTRODUCTION

Although marketing practitioners and researchers have accepted impulse buying as a valid concept for more than fifty years (Clover 1950; du Pont De Nemours and Company 1945), relatively sophisticated measures of the behavior have just recently been developed. The difficulties in operationalizing the impulse buying construct help explain why little attention has been paid to understanding its antecedents. Specifically, the buying impulsiveness personality trait, a concept which asserts that some consumers have more of a tendency to make impulse purchases than others, was not introduced until the mid-eighties (Rook and Hoch 1985; Rook 1987). Rook and Gardner (1993) and Rook and Fisher (1995) extended these initial measures. Beatty and Ferrell (1996) also developed a measure of the trait, which they have labeled the impulse buying tendency. Conceptually, the concepts of the impulse buying tendency (henceforth IBT) and actual impulse buying behavior are distinct. Additionally, research suggests that individuals high in IBT are indeed more prone to make impulse purchases than other consumers (Rook and Gardner 1993; Rook and Fisher 1995; Beatty and Ferrell 1996). This link cannot be clearly established, however, until the IBT construct has been validated. The purpose of this paper is twofold: 1) establish validity of the IBT by assessing convergent, discriminant, and nomological validity of the construct's two available measures, Rook and Fisher (1995) and Beatty and Ferrell (1996) and 2) empirically compare the two IBT scales to assess their fit and uncover potential problems with each measure. In studying discriminant and nomological validity, the relationships between the IBT and

both the materialism and thrill seeking constructs are considered.

THE IMPULSE BUYING TENDENCY

In the early stages of its development, impulse buying was defined as unplanned purchasing, with no distinction between the IBT and impulse buying behavior (Cobb and Hoyer 1986). This definition, criticized for being too narrow (Rook and Hoch 1985; Rook and Gardner 1993), was broadened to include the experiencing of an urge to buy. Rook (1987, p. 191) defined impulse buying as "when a consumer experiences a sudden, often powerful and persistent urge to buy something immediately." Rook and Fisher (1995, p. 306), in separating the buying impulsiveness trait from the actual act of impulse buying, defined the former as "a consumer's tendency to buy spontaneously, unreflectively, immediately, and kinetically." The latter, the actual act of impulse buying, was presented as a behavior that, depending on normative influences, may or may not occur as a result of the buying impulsiveness trait. Beatty and Ferrell (1996) modeled IBT as a personality trait variable. They presented it as an antecedent to the urge to purchase and actual impulse buying behavior. Thus, consumers who possess a high level of IBT are more likely to experience urges to buy and to act on those urges. The authors defined the construct (1996, p.7) as "both the tendencies (1) to experience spontaneous and sudden urges to make on-the-spot purchases and (2) to act on these urges with little deliberation or evaluation of consequence."

The concept of a connection between the impulsiveness personality characteristic and

consumer behavior was empirically tested by Horton (1979). Although the impulsiveness trait had a weaker relationship with consumer decision making than the other personality characteristics studied, there was some evidence that older and more impulsive subjects chose high priced brands significantly more often than subjects with opposite traits. The connection between impulsiveness and purchase behavior was further strengthened by Gerbing, Ahadi, and Patton (1987). The authors identified fifteen unidimensional components of impulsivity found in a broad collection of impulsivity measures, one of which is actually a three item measure of impulse purchasing. Both the Rook and Fisher (1995) and Beatty and Ferrell (1996) scales are presented as unidimensional measures of the IBT personality trait. These scales are intended to capture one aspect of the overall impulsiveness personality characteristic, the tendency to make impulse purchases.

THE IMPULSE BUYING TENDENCY, MATERIALISM, AND THRILL SEEKING

Although little empirical research regarding the trait characteristics of impulse buyers has been conducted, Rook's (1987) qualitative research focused on sensations associated with the impulse buying experience. Based on the respondents' descriptions, Rook identified eight distinctive feelings associated with impulse buying. His research suggested a relationship between the "need for stimulation" and the IBT. The "need for stimulation" was first addressed in the psychology literature through the optimum stimulation level concept introduced by Hebb (1955) and Leuba (1955). According to their description, every consumer most prefers a certain level of stimulation, which may be termed "optimum stimulation." Raju (1980) provided an overview of the major instruments used to measure optimum stimulation level. He chose the Arousal Seeking Tendency scale of Mehrabian and Russell (1974) for his research, in part because it incorporates several of the best items of previous scales and it has fewer items than most of the other measures. The scale still involves forty items, however. An alternative to the arousal seeking tendency scale is the Gerbing et al. (1987) four item measure of thrill seeking. The items in this scale most closely resemble the risk taking items in the Mehrabian and Russell measure.

The potential association between the impulse buying trait and materialism has been demonstrated by Rook (1987) and Belk (1985). Belk (1984, p. 291) defined materialism as "the importance a consumer attaches to worldly possessions." Belk (1985) measured materialism through the personality traits of envy, nongenerosity, and possessiveness. Richins and Dawson (1992, p. 307) conceptualized materialism as "a value that guides people's choices and conduct in a variety of situations, including, but not limited to, consumption arenas." Relying on Rokeach's (1973) description of a value as a permanent belief, Richins and Dawson based their scale on three belief domains which emerged consistently from materialism theory: acquisition centrality, the role of acquisition in happiness, and the role of possessions in defining success. Acquisition centrality concerns the importance of acquisition and possessions to the consumer in general. The role of acquisition in happiness concerns the perception that possessions are needed for happiness. Finally, the role of possessions in defining success deals with the use of possessions as an indicator of success in life. Both notions of materialism include attitudes regarding possessions; the primary difference between the two concepts lies in their measurement. Belk focused on personality traits while Richins and Dawson focused on beliefs. Previous research results suggest the following hypotheses:

- H1: There is a positive relationship between materialism and the impulse buying tendency.
- H2: There is a positive relationship between thrill seeking and the impulse buying tendency.

METHOD

A survey was developed which included the following scales: (1) the Richins and Dawson (1992) materialism scale, (2) the Gerbing et al. (1987) thrill-seeking scale, (3) the Rook and Fisher (1995) buying impulsiveness scale, and 4) the Beatty and Ferrell (1996) impulse buying tendency scale. Since the Richins and Dawson scale focuses more on the actual set of attitudes involved in materialism, it was used as the construct measure for this research. The Gerbing et al. thrill seeking scale was used

because intuitively it makes sense that the measure should indicate a high need for stimulation, and it involves significantly fewer items than other scales.

The survey was administered to 267 undergraduate business students enrolled in an introductory marketing principles course at a large southern university; 262 surveys were usable. Using a student sample is reasonable for an impulse buying study because the college population has experience with shopping and purchasing. There is potential bias with the thrill seeking construct since age may influence its level of existence within an individual. Examination of responses to the thrill seeking measure, however, indicated that the respondents cover the entire range of thrill seeking levels. Confirmatory factor analysis (CFA) was conducted using LISREL VIII (Jöreskog and Sorbom 1993).

RESULTS

The Impulse Buying Tendency

Tables 1-3 present the results of CFA conducted on the Rook and Fisher (RF) (1995) and Beatty and Ferrell (BF) (1996) scales separately and then with the two IBT measures modeled as separate correlated constructs. The results for the RF scale are presented in table 1. The composite reliability is strong (.89), and the average variance extracted approaches acceptability (.49) (Fornell and Larcker 1981); however, the fit statistics are not acceptable. Additionally, 52% of the standardized residuals are above/below ± 2.00 , with a range of $-3.15 - 8.87$. Fifteen theta delta modification indices are above 10.00 and indicate error term correlations between items 1, 2, 4, 5, 6, and 7. The error term correlations demonstrate that either: (1) there are one or more unidentified latent constructs explaining the variance of the items or (2) there is a problem with the measure reflecting some type of systematic bias. Two constructs which might be contributing to the correlated errors are "thinking" and "time."

The results for the BF scale, presented in table 2, are much stronger. The composite reliability is .86; average variance extracted is .615. The loadings for items 3 and 4, however, drop significantly from those of items 1

and 2. One explanation for this is that items 1 and 2 are tapping into "unplanned purchasing" while items 3 and 4 are capturing more of the "spontaneity" dimension. Two standardized residuals are slightly above 2.00 (2.84), while no modification indices are above 10.00.

Table 3 indicates the fit statistics for the two IBT measures modeled as separate correlated constructs. The composite reliability and average variance extracted estimates (not shown) are similar for both measures with no revisions to the model. The fit statistics are unacceptable, however. The theta delta modification indices demonstrate error term correlations between RF items 2, 3, 4, 5, and 8 with BF items 1, 2, and 4. Additionally, a large modification index (110.60) was identified between BF items 1 and 2; this error term correlation was not found when the BF scale was analyzed alone. Despite the unacceptable fit statistics, the phi matrix correlation between the constructs (.77) is a positive indication of convergent validity between the two measures.

Materialism and Thrill Seeking

Due to space constraints, the results of CFA on the Richins and Dawson (1992) materialism scale and the Gerbing et al. (1987) thrill seeking scale are not shown. The complete results can be obtained from the author. CFA indicates that the materialism scale is in need of some revision. A significant number of loadings were below .5. Additionally, composite reliability was less than .80 and average variance extracted was less than .40 for all three factors, success, centrality, and happiness. 23% of the standardized residuals are above/below ± 2.00 , with a range of $-3.56 - 5.39$. Additionally, the lambda x modification indices demonstrate cross-loadings between the three factors.

With the exception of the first item ("I take dares just for fun", lambda x = .5) the loadings for the Gerbing et al. (1987) thrill seeking items are above .8. The chi squared is nonsignificant at the alpha = .05 level ($p = .085$) and the GFI, CFI, and RMSQR show an excellent fit. There are no standardized residuals above/below ± 2.00 , and the highest modification index for theta delta is 3.99 between items 1 and 4 and items 2 and 3.

TABLE 1
Rook and Fisher Buying Impulsiveness Scale

Scale Item Loadings		Fit Statistics	
1) I often buy things spontaneously	.68	Composite Reliability	.89
2) "Just do it" describes the way I buy things	.80	Average Variance Extracted	.49
3) I often buy things without thinking	.79	Chi Squared	307.73 (27df)
4) "I see it, I buy it" describes me	.74	GFI	.76
5) "Buy now, think about it later" describes me	.77	CFI	.78
6) Sometimes I feel like buying things on the spur of the moment	.61	RMSQR	.09
7) I buy things according to how I feel at the moment	.66		
8) I carefully plan most of my purchases *	.55		
9) Sometimes I am a bit reckless about what I buy	.62		

*indicates reverse coding

TABLE 2
Beatty and Ferrell Impulse Buying Tendency Scale

Scale Item Loadings		Fit Statistics	
1) When I go shopping, I buy things that I had not intended to purchase	.62	Composite Reliability	.86
2) I am a person who makes unplanned purchases	.91	Average Variance Extracted	.62
3) When I see something that really interests me, I buy it without considering the consequences	.62	Chi Squared	8.01 (2df)
4) It is fun to buy spontaneously	.69	GFI	.98
		CFI	.99
		RMSQR	.03

TABLE 3
Correlated Constructs, Rook and Fisher/Beatty and Ferrell Scales

Fit Statistics			
Phi between R&F and B&F	.77	CFI	.83
Chi Squared	420.05 (64df)	RMSQR	.08
GFI	.78		

Discriminant and Nomological Validity

Two measurement models were developed using the material values scale and the thrill seeking scale with both IBT measures. Discriminant validity was assessed using the recommendations of Fornell and Larcker (1981), who suggested comparing the variance extracted estimate of the construct of interest to the square of the correlation between the latent variables. The phi matrix for both models was used to study nomological validity. [Table 4](#) displays the results of the CFA. For both models the variance extracted estimate exceeds the squared correlations between the constructs. Thus, discriminant validity is evidenced. The nomological validity assessment

indicates that the only significant correlation (demonstrated through the t-statistics) exists between the IBT (for both measures) and materialism-centrality. Insignificant correlations were found between the IBT measures and both the success and happiness materialism factors and thrill seeking.

The fit statistics for both models are somewhat low. This is not surprising considering the problems found with error term correlations when CFA was conducted on the Rook and Fisher buying impulsiveness scale and the Richins and Dawson material values scale alone, separate from other measures. Cross-loadings were identified between the materialism centrality items 9 and 14 ("I usually buy

TABLE 4
Results of CFA

Phi Matrix: Rook & Fisher			Phi Matrix: Beatty & Ferrell		
	Buying Impulsiveness	Squared Correlations		IBT	Squared Correlations
Buying Impulsiveness	1.0	1.0	IBT	1.00	1.00
MAT-SUC	0.00 * (-0.01)	0.00	MAT-SUC	0.06 * (.85)	0.00
MAT-CEN	0.36 * (5.45)	0.13	MAT-CEN	0.46 * (7.34)	0.21
MAT-HAP	-0.07 * (-0.95)	0.05	MAT-HAP	-0.08 * (-1.11)	0.01
TS	0.09* (1.39)	0.01	TS	0.07 * (1.01)	0.00
* t-statistic			* t-statistic		
RF Var. Extracted:	.4867	CFI: .81	BF Var. Extracted:	.62	CFI: .86
Chi Squared:	1094.14 (424df)	GFI: .78	Chi Squared:	674.24 (289df)	GFI: .83
RMSQR:	.081		RMSQR:	.079	

only the things I need”; “I like a lot of luxury in my life”) with the other constructs. The RF item 3 cross loaded with materialism centrality and happiness; the BF item 3 also cross-loaded with materialism success and centrality.

The results of the nomological validity assessment are surprising. A review of the three materialism factors conceptualized by Richins and Dawson (1992) suggests that only one, “acquisition centrality” involves the actual procurement of possessions. Acquisition centrality involves purchases made simply for the sake of purchasing rather than for the use of the good. The “role of acquisition in happiness” and the “role of possessions in defining success” both regard a belief about the possession rather than the actual act of purchasing it. The definition of IBT involves the tendency to both experience an urge to purchase and to act on that urge. Clearly, the IBT construct is much closer to beliefs about acquiring goods rather than beliefs about what those goods mean to the consumer.

One possible explanation for the insignificant correlation between IBT and thrill seeking is that this scale is not capturing the appropriate “need for stimulation” factors associated with impulse buying. While there appears to be an element of risk taking in the “need for stimulation” construct, there is probably a more general desire for a change in routine as well. For example, the Mehrabian and Russell (1974) arousal seeking tendency scale incorporates

preference for arousal caused by five major factors: arousal from change, arousal from unusual stimuli, arousal from risk, arousal from sensuality, and arousal from new environments. The Gerbing et al. (1987) thrill-seeking items tend to address risk taking ideas. A more thorough review of the comments of respondents involved in Rook’s (1987) qualitative research reveals the following key feelings associated with the impulse buying experience: surprise, novelty, spontaneity, surge of energy, warm feeling, hot flashes, tingling sensation. It is possible that one’s IBT is not so much associated with taking risks, but rather with an overall general desire for excitement.

CONCLUSIONS

The results of the construct validity assessment are mixed. While convergent validity is indicated by the phi matrix correlation between the RF buying impulsiveness scale and the BF impulse buying tendency scale, the factor loadings and modification indices show that neither scale completely captures the entire IBT construct alone, without some systematic bias. Discriminant validity is demonstrated between both IBT measures with the materialism and thrill seeking constructs. Only one significant hypothesized correlation was found between the IBT measures and the centrality factor of the material values scale. The consistency of the materialism and thrill seeking correlations with both IBT measures is further evidence that these scales are assessing the same construct.

The surprising results of the nomological validity assessment suggest a need for further investigation regarding IBT, materialism, and the need for stimulation. It would be interesting to see how IBT relates with Belk's (1985) factors of envy, nongenerosity, and possessiveness. Additionally, a study of the correlation between IBT and a sensation seeking scale with items that capture a general desire for stimulation may help reveal the particular element(s) of excitement relevant to impulse buying. Established validity of IBT will allow further investigation into the hypothesized link between this construct and actual impulse buying behavior. Such an understanding would undoubtedly benefit both retailers and academic researchers.

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THE IMPACT OF BRAND EQUITY AND ISSUE-INVOLVEMENT ON CONSUMER RESPONSES TO GREEN PRODUCTS

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ABSTRACT

This study attempts to explain why many green products do not meet expectations of performance despite a large segment of consumers who profess to be "green". Previous research has typically examined consumers' general level of "greenness", rather than their orientation toward a particular issue, in experimental settings with fictitious green brands. We examined two variables for their impact on consumer attitudes and purchase intentions toward green products. Brand equity was manipulated, producing high-equity and low-equity conditions. We also measured Issue-involvement, which takes into account the importance of a specific environmental issue to the consumer, and subjects were split into high issue-involvement and low issue-involvement categories. Subjects were eighty undergraduate business students who saw ads for a green (recycled) paper towel product that were identical except for the brand name (a well-known brand versus a fictitious brand).

Results were consistent with research expectations: (1) low issue-involvement consumers seemed to evaluate the brand they saw based on equity -- the low issue-involvement consumers who viewed the high-equity green brand had more favorable attitudes and purchase intentions than did those low issue-involvement consumers who saw the low-equity green brand; (2) high issue-involvement consumers seemed to evaluate the brand they saw based on the green attributes-- there were no differences in attitudes or purchase intentions between the high issue-involvement consumers who saw high- versus low-equity brands; (3) high issue-involvement consumers displayed more favorable attitudes and purchase intentions than did low issue-involvement consumers for a low-equity green brand (with the high-equity green brand being equally favorable to both groups).

THE FOUR Ps OF GREEN MARKETING: A CRITICAL REVIEW OF THE LITERATURE

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ABSTRACT

The popular business press routinely highlights environmentally conscious (and careless) companies, yet there have been relatively few academic investigations of the disposition and essence of "green" marketers. This review examines academic research that has been conducted to identify and characterize these firms. Beyond merely identifying the existence of these firms, however, the review seeks to determine whether significant empirical testing has been conducted to substantiate the often-hypothesized relationships regarding green marketers, their strategic approaches, and subsequent performance. The marketing mix (Four Ps) framework is used to identify academic works specific to particular areas of marketing strategy. This review specifically addresses the following questions:

- (1) Is there research to substantiate the claim that green marketers exist?

It is clear that green marketers do exist. Substantial case studies and the recent emergence of empirical research suggest that green marketers represent consumer and industrial goods/service providers in various industries and national settings.

- (2) What is the basis or rationale for the emergence of green marketers?

While in the past, firms merely strove for compliance with environmental legislation, firms today see opportunity in providing green products. So long as green claims are well-supported and clearly communicated, green companies stand to meet growing consumer demand for environmentally friendly products.

- (3) How do green strategies manifest across the marketing mix? That is, are there green

product, promotion, distribution (place) and/or price strategies?

The literature demonstrates particular emphases in the areas of products and promotion. While the field is developing a better understanding of green influences on distribution and pricing, the field has yet to adopt frameworks and theories for addressing key research questions in these areas.

- (4) Is there any proof of links between green strategies and firm performance, namely profitability?

The field has yet to adequately address the influence of green strategies on firm performance. A number of hypotheses have been forwarded, siding both with expectations that green strategies conduce/impede general firm performance and the bottom line.

While we have only begun to answer the primary research questions addressed in this review, it should be noted that a substantial amount of insightful literature has laid the groundwork for future investigations. The relevant issues have been identified and frameworks and theories for addressing the questions have been forwarded in many areas. In addition, there are certainly contributions to be found in related fields such as industrial ecology, manufacturing, engineering and economics that lend considerable insight. To date, these influences have only begun to make inroads into the marketing research of environmental strategies. An extended review that identifies relevant applications to green marketing is a direction for future research.

EXAMINING THE ASSOCIATION BETWEEN INSTRUCTOR LEADERSHIP STYLES AND STUDENT LEARNING IN MARKETING COURSES

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ABSTRACT

The author applies some of the concepts from the Hershey - Blanchard situational leadership theory (1972) to the student learning. This study suggests that the instructors who reflect relationship and task oriented instruction

enhance student learning. The study identifies the specific dimensions of these leadership styles and suggests how marketing instructors may maximize student learning.

INTRODUCTION

Educators continue to show interest to understand the factors that contribute to student learning. As professors of marketing, we are interested in the subject from a purely professional perspective, how can we teach so that students can effectively learn what we are teaching. For many schools a local reputation among the business community members who employ our students, is particularly important. The students are our immediate customers and learning is the product that those customers take away with them. The satisfaction levels of the students and the business community members, i.e., employers of our students, is important as it is likely to serve as an indicator of quality of the school's educational program of study. It is also a necessary prerequisite for schools building rewarding and enduring relationships with two of its important constituencies, the students and the business community members. Understanding how student learning might be enhanced, therefore, is and should continue to be a fruitful area of research. In this pilot study, we apply the Hersey-Blanchard situational leadership theory (1972) to the student learning phenomenon in undergraduate marketing courses.

engages in one-way communication by explaining or telling what is to be done, when, where and how. Relationship behavior is characterized as supportive, in which leader engages in two-way communication and provides socio-emotional support and facilitating behavior. The theory is based upon the interplay among the amount of task leadership and relationship leadership provided by the leader (e.g., a manager, supervisor). Hersey and Blanchard found that all of the four leadership styles can be effective for a particular situation, given the level of maturity of the follower, and they developed a model to determine the most effective leadership style to use based on the maturity level of the follower.

RESEARCH FRAMEWORK

Hersey and Blanchard's (1972) situational leadership is well regarded in the field of management. The model identifies four basic leadership styles based on two dimensions of behavior, task and relationship. Task behavior is characterized as directive in which a leader

This theory is interesting in that it encompasses the interactive nature of the leader/follower relationship that can be extended to the interactive nature of the teacher/student relationship. Tiberius (1989) found that instructors possessing a greater amount of interpersonal or relational attributes, e.g., warmth, sensitivity and accessibility were highly rated by medical students. Murray, Rushton and Paunonen (1996) correlated instructor personality traits and student ratings of the faculty. Their study concluded that the instructor effectiveness to some extent is context dependent, e.g., whether it was a graduate or undergraduate class, lecture versus discussion format, or honors class versus general class. Another study by Watts and Bosshardt's (1991) of economics instructors at Purdue University found that there was a positive correlation between instructor effectiveness and the amount of freedom given to the instructor,

another function of class format. Research on leader effectiveness from the organizational behavior suggest that managers who are characterized as high task and high employee-centered, are also the highly productive and motivating to their subordinates in their departments. For example, Blake and Mouton's (1964) research on leadership theory suggests that a leader can simultaneously maximize both methods (orientations) which are production-oriented and those which are people-oriented. It puts various methods of managing situations into a framework where a leader can identify, study and change his/her own behavior, to become a better leader.

Analogous to the task of manager/leader within organization, it would seem that the instructor is also vested with similar responsibility, of achieving the course mission/goals, including motivating and controlling the student behavior and performance to achieve those goals. A review of literature from the education field suggests that considerable amount of research efforts are devoted to understanding how instructors may enhance their teaching effectiveness or what type of pedagogical tools seem to promote student learning. The teaching effectiveness or student learning phenomenon, however, has not been looked at from the perspective of the instructor's teaching philosophy or leadership style. The primary objective of this study, therefore, is to determine what might constitute task oriented and relationship oriented instructor leadership styles, and if they are related to student learning in marketing courses. Based upon the existing research on the leadership effectiveness theory from the organizational behavior field, the following two hypotheses are to be examined in this study:

- H₁: Student learning is related positively with the task oriented instruction, and
- H₂: Student learning is related positively with the relationship (student) oriented instruction.

RESEARCH METHODOLOGY

Measurement of Variables

In the organizational setting, the task oriented leadership implies that the manager (supervisor) ensures that his/her subordinates achieve the productivity output requirements.

They emphasize setting relatively high goals and provide direction on how to achieve them, as well as specific procedures and guidelines to be followed. The specific task(s) or the function(s) that are to be performed are communicated clearly. Applying these notions in the teaching and instructional setting, task oriented instruction is defined as the extent to which the instructor would set rigorous course requirements, be concerned for covering the planned material comprehensively, and provide clearer explanations and illustrations of the subject matter covered in the class.

On the other hand, in the employee centered leadership style, the manager focusses on being flexible and meeting the subordinates' personal and job related needs, which, in turn, trigger their motivation to achieve the higher productivity goals as well as enhance their job performance. Relatively higher level of two-way communication and feedback prevails between the supervisor and the subordinate. Applying this perspective to the relationship or student-centered instruction, it would mean that the instructor is flexible to adjust to accommodate the students' professional interests, maintain two-way communication with the students about their performance, and provide challenging learning environment to the student as needed.

The concept of student learning, which is positioned as the dependent variable in the study, is conceptualized in terms of hierarchy of goals, developed by Bloom (1984). It was defined as the extent to which the student perceived to have learned the subject matter in the course, including understanding and application of the course concepts and material.

Instrument Development

One of the primary objective of this study was to identify potential variables and elements which would constitute the task and student (relationship) oriented instructional approaches. Several formal and informal focus groups were conducted with students in their junior and senior level, who were enrolled in undergraduate programs of studies at three local business schools, located in the greater Boston area in Massachusetts. The students who participated in focus group study were explained the task and relationship centered leadership styles as defined in the Hersey and Blanchard

situational leadership model. They were then asked to characterize the task and relationship oriented instructors, identifying the typical activities and behaviors that they would exhibit. This activity resulted in generating a pool of 36 items for measuring the concepts of task and relationship oriented instruction. These items were used to develop multi-item measures of the two concepts.

A review of Bloom's hierarchy of learning goals (1984) identified six specific goals, related to the knowledge, understanding, and application of the course concepts and material, and the evaluation of marketing situations, problem solving and general marketing skills. Those learning goals were used to develop a 6-item measure of the concept of student learning. Five-point Likert-type scales were used to measure all variables, ranging from strongly agree (1) to strongly disagree (5).

Sample and Data Collection

A total of 151 undergraduate students from four local business schools in the greater Boston area completed the questionnaire for the study. Using the class schedules for a spring semester, all marketing courses offered at those three schools were listed. Four to six marketing courses were then selected randomly at each school and the faculty members teaching those courses were described the nature of this study, to solicit their permission to administer the study questionnaire in their classes. A total of 15 faculty members cooperated to participate in the study. Depending upon the size of each class, the questionnaire was administered to every second or the third student present in the class, using systematic sampling procedure. From each class about 8 to 12 observations were collected on each of the fifteen faculty members.

DATA ANALYSIS

As a first step of analysis varimax rotated principal components analysis (PCA) was performed on the 36 items which were developed to measure the task and relationship oriented instruction concepts. The objective was to find out if the task and relationship concepts were unidimensional or multidimensional in nature. The first PCA produced nine factor solution and explained 67.5% of the variance. However,

there were seven items that had factor loadings of $\geq .40$ on more than one factor. To make the factors unique and distinct from each other, these 7 items were deleted to re-run the PCA. This analysis was satisfactory and produced six factor solution which explained 62.9% of the variance. All six factors were retained for the analysis, as shown in [Table 1](#). Two of the six factors represented different aspects of the task oriented (TO) instruction while the remaining four dimensions represented relationship oriented (RO) instruction. These dimensions are labelled as:

- Thorough course organization/Execution (TO1).
- Rigorous course requirements (TO2).
- Two-way communication between instructor/student (RO1).
- Instructor guidance on course assignments (RO2).
- Students having choice on course assignments (RO3).
- Flexible due dates for course assignments (RO4).

PCA was also performed on the six student learning variables, which produced one factor solution, with an eigenvalue of 4.5, and explained 56.1% variance. To assess the reliability levels, Cronbach alpha was computed for all the measures, including six sub-dimensions of the task and relationship concepts and unidimensional measure of the student learning, and reported in [Table 2](#). As noted, all of the measures except the RO2, RO3 and RO4 variables, seem very reliable. Coefficient alpha for RO2, RO3 and RO4 range between .55 and .61, mainly because of low number of items (two to three) used to measure these factors ([Table 1](#)).

Pearsons' Correlation Analysis (PCOA)

PCOA was used to test H_1 and H_2 , using the signs of correlation coefficients between the student learning and each of the six dimensions of the task and relationship instruction concepts. The results of the PCOA ([Table 3](#)) show that all the correlation coefficients for all

TABLE 1
Results of Varimax Rotated Components Analysis for
Task and Relationship Instruction Items

	Item Description	Factor Loadings					
		FA1	FA2	FA3	FA4	FA5	FA6
1.	Instructor's objectives for the course are made very clear.	.76*	-	-	-	-	-
2.	Students are required to keep up with all reading assignments. ^d	-	-	-	-	-	-
3.	All assignments/projects are to be completed on time. ^a	-	-	-	-	-	.80*
4.	Instructor very concerned about improving students perform. and output.	-	.48*	-	-	-	-
5.	Course requirements and assignments have been made very clear.	.70*	-	-	-	-	-
6.	Students were required to be well prepared for each class. ^d	-	-	-	-	-	-
7.	Final grade takes into account stud. perform. on several different activities.	-	-	-	-	-	-
8.	The instructor covers substantial amount of material in each lecture.	.67*	-	-	-	-	-
9.	The instructor raises challenging questions or problems for discussion.	-	.52*	-	-	-	-
10.	The professor is willing to re-explain a concept, topic or issue when needed.	-	.56*	-	-	-	-
11.	The instructor makes certain that we understand the material correctly.	.55*	-	-	-	-	-
12.	Students have flexibility in selecting topics for written assignments or projects.	-	-	-	-	.79*	-
13.	Scope of the course has been too limited; not enough material has been covered. ^d	-	-	-	-	-	-
14.	Overall, I would rate the nature of the assignments as quite rigorous.	-	-	.77*	-	-	-
15.	The instructor points out the practical applications of the course.	.57*	-	-	-	-	-
16.	The instructor expects a great deal of effort from the students in the course.	-	-	.75*	-	-	-
17.	The workload has been heavier as compared to some of the other courses.	-	-	.72*	-	-	-
18.	Instructor is always conscious of using class time well (e.g. productively).	.69*	-	-	-	-	-
19.	The instructor covers the course material very thoroughly.	.73*	-	-	-	-	-
20.	The course assignments are very interesting and meaningful.	-	-	-	-	.49*	-
21.	Overall, instructor covers material in a structured and methodological way.	.76*	-	-	-	-	-
22.	The instructor's course standards and expectations of us are very high.	-	-	.67*	-	-	-
23.	The instructor is achievement-oriented. ^d	-	-	-	-	-	-
24.	The instructor generally covers the lesson plan very meticulously.	.71*	-	-	-	-	-
25.	Instructor helpful in clarifying assign and sug improve my performance. ^d	-	-	-	-	-	-
26.	Instructor flexible as to time frame for handing in homework and term papers.	-	-	-	-	-	.72*
27.	The instructor is readily available to me for consultation outside of class. ^d	-	-	-	-	-	-
28.	I feel free to ask questions in the class.	-	.63*	-	-	-	-
29.	In this class, it is <u>not easy</u> to give feedback to the instructor. ^a	-	.69*	-	-	-	-
30.	Instructor seems genuinely concerned with students progress and is v. helpful.	-	.65*	-	-	-	-
31.	The instructor in this course seems open to recommendations from the students.	-	-	-	-	.48*	-
32.	Instructor generally writes comments/gives feedback on assignments and exams	-	-	-	.73*	-	-
33.	The instructor does not seem to be aware of students' progress in this class. ^a	-	.71*	-	-	-	-
34.	Instructor v. resourceful in providing guidance or references about assignments.	-	-	-	.73*	-	-
35.	Overall, instructor is v. considerate in meeting my spec. needs and requirements	-	.49*	-	-	-	-
36.	The instructor is readily available for consultation outside of class.	-	-	-	.48*	-	-
	Eigen Value	9.1	3.5	1.8	1.4	1.3	1.1
	Percent Variance Explained	31.5	12.0	6.3	4.8	4.5	3.8

*Indicates the variables used to measure respective dimensions of the Task and Relationship Instruction concepts. ^aThese items were recoded; ^dThese items were dropped from the second PCA.

Key: **Factor 1** = Thorough Course Organization / Execution (TO1); **Factor 2** = Two-way communication with student (RO1); **Factor 3** = Rigorous Requirement (TO2); **Factor 4** = Guidance on Assignment (RO2); **Factor 5** = Student choice on assignments (RO3); **Factor 6** = Flexible due dates (RO4)

TABLE 2
Measures and Coefficient Alpha

Variable Symbol	Variable Name	No. of Items	Reliability (Alpha) Value
---	Student Learning	6	.89
TO1	Thorough course organization/execution	9	.89
TO2	Rigorous Requirements	4	.77
RO1	Two-way communication between instructor/student	8	.84
RO2	Instructor guidance on course assignments	3	.61
RO3	Student having choice on course assignments	3	.57
RO4	Flexible due dates	2	.55

TABLE 3
Pearson's Correlation Coefficients Between Student Learning and Task and Relationship Instruction Dimensions

Task Instruction Dimensions	Student Learning
Thorough Course Organization/Execution (TO1)	+ .69**
Rigorous Requirements (TO2)	+ .20**
Relationship Instruction Dimensions	
Two-way Communication with Student (RO1)	+ .74**
Instructor guidance on course assignments (RO2)	+ .41**
Students having choice on assignments (RO3)	+ .50**
Flexible Due Dates (RO4)	+ .10ns

**p < .000; *p < .05; ns = correlation not significant at .05 level

TABLE 4
Results of Stepwise Backward Regression Analysis: Student Learning = f (Task and Relationship Instruction Dimensions)

Independent Variables in the final equation	Beta Coefficient	t-value	t significant at
Two-way communication with student (RO1)	+ .44	+ 5.66	.000
Thorough course organization/execution (TO1)	+ .29	+ 4.34	.000
Student Choice on assignments (RO3)	+ .14	+ 2.59	.010

Multiple R: .78; Adjusted R²: 60.4%; F value: 74.76; significant at: .0000

TO and RO dimensions are positive and significant at .01 level, except for RO4, thus providing a global support for both of the hypotheses.

Multiple Regression Analysis (MRA)

To examine the relative strength of the relationships between the student learning and the task and relationship instruction dimensions, step-wise (backward) MRA was performed. The student learning was positioned as the dependent variable and the six dimensions of TO and RO served as the independent variables in the MRA. At the last and final step of the analysis, three of the six dimensions remained in the regression equation. As reported in [Table 4](#), "Thorough course Organization and Execution" representing the TO instruction, and Two-way Communication with student and student having choice on course assignments which represented RO instruction, together explained 60.4% of the variance in the student learning variable. The equation obtained F value of 74.76, significant at the .000 level. To examine the relative (incremental) contribution of the two teaching leadership styles to student learning, two additional regression analyses were performed. The blocks of TO and RO variables were entered sequentially in the regression equations. The incremental change in R-squared associated with the RO variables was substantially larger (14.9%) and significant at the .000 level as compared to the incremental change in R-squared of 8.7% associated with the TO variables. This finding suggests that the relationship (student-centered) teaching style may be more important to the student learning than the task oriented teaching style.

DISCUSSION

The results of this pilot study suggest that the instructor's leadership style as defined and measured in this study, plays an important role in influencing the student learning in marketing courses. Consistent with the research evidence from the fields of management and organizational behavior, this study provides preliminary evidence that marketing instructors who are task oriented as well as student oriented could enhance the student learning substantially and significantly. Instructors concerned with

student learning and performance in the course should adapt his/her teaching leadership style at least around the following three aspects of the relationship and task instruction, identified in this study. Specifically, the instructor can maximize the student learning in the course by:

1. Maintaining two-way quality communication with the students; including encouraging student feedback, showing concern for the student progress and performance, as well as motivating interaction in the class on challenging marketing issues.
2. Organizing and executing the lesson plans comprehensively; including communicating course objectives and assignments effectively, covering the course material thoroughly, and spending class time productively.
3. Planning course assignments that are professionally meaningful and interesting to students as well as involving students in selecting topics for these assignments and determining deadlines.

In summary, the instructors who set challenging goals and requirements, carefully plan their course portfolio, maintain effective communication, and provide supporting learning environment for assisting the student to achieve those rigorous course requirements, seem to be the champions of effective student learning.

LIMITATIONS

There are several limitations that caution the results of this study. First of all the sample size includes 151 observations on only 15 marketing faculty at three business schools. Also, the students were surveyed only in marketing courses. Finally, the operationalization of the task and relationship constructs, at best, is considered exploratory in nature. Given the exploratory nature of this study, not all the steps of construct operationalization process (Churchill 1979) were implemented. Conclusive research study in future should address these limitations.

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INTEGRATION AND ASSESSMENT OF MULTIMEDIA TECHNOLOGY IN THE PRINCIPLES OF MARKETING CLASSROOM

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ABSTRACT

As technology pervades higher education, multimedia instruction is being embraced by several academic departments. The purpose of this paper was twofold: (1) examine student perceptions of multimedia tools, and (2) present examples of experiential exercises using the internet.

Assessment of Multimedia Tools

Students in this study generally evaluated multimedia technology as a favorable element in the Principles of Marketing classroom. We found a few differences in mean evaluations for demographic variables. In particular, females rated use of presentation software, video, and multimedia in general more positively than males. Junior classification students tended to be more positive in their evaluations compared to seniors. Students enrolled in the mass communication program tended to be the least favorable in their evaluations of multimedia compared to business administration and students enrolled in other colleges.

Computer-aided content analysis (Muhr 1994) results suggest that multimedia classrooms can enhance student interest in marketing topics. In particular, it appears that multimedia education is perceived by students as being informative and exciting. Multimedia instruction may help maintain student attention and prove beneficial in an instructor's attempt to augment student comprehension. Students in this study felt that extended multimedia instruction is warranted. While multimedia education may yield enthusiastic students and

cultivate an enhanced learning environment, this environment is likely to occur only in the midst of properly trained instructors.

Experiential Internet Activities

Experiential Internet activities in the classroom can provide a complement to the traditional lecture method of teaching. Two web sites that illustrate segmentation and new product development are future.sri.com and www.hartbeach.com. First, SRI's VALS 2 homepage can help students understand market segmentation and new product development by completing an interactive questionnaire. The completed questionnaire responses are used to place the students into one of eight psychographic lifestyle categories. Second, the website of Coca Cola (www.cocacola.com) contains an interactive game where students guess the origin and flavor of international soft drinks. The site can provide an effective example of global marketing. Third, Reynolds Metals Company (www.rmc.com) is a good site for illustrating the differences between consumer and industrial products. Additionally, the site demonstrates how "business to business" marketers utilize the internet to help promote their goods.

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INTERNATIONALIZING THE MARKETING CURRICULUM: A GLOBAL PERSPECTIVE (OR TWO)

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ABSTRACT

Most marketing academics today are concerned with making their curricula more relevant, just as employers operating internationally seek marketing graduates with at least an exposure to global issues, if not actual experience. In the light of increasing globalization of business, this relevance would undoubtedly be concerned with the internationalization of the marketing curriculum. How to do this effectively is not a simple issue - it involves a number of dimensions, including the student

body, faculty, and the method of instruction as well as the curriculum itself. This paper adopts two diametrically opposed approaches to international business, namely those of Porter and Ohmae and contrasts the internationalization of marketing curricula under these criteria. The conclusion is, not unexpectedly, that neither perspective is entirely right or wrong, but that each offers a valuable framework for the evaluation of options.

A PROFILE OF U.S. MARKETING CEOs: IMPLICATIONS FOR MARKETING EDUCATORS

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ABSTRACT

This paper examines the profiles of 800 Chief Executive Officers (CEOs) from America's top corporations and provides factual information for marketing educators to utilize in classroom presentations and to disseminate to

students considering marketing careers. Seven research questions related to CEO career path, promotion speed, salary, educational level, and educational relevance are explored. The implications of these findings are discussed.

INTRODUCTION

A significant number of CEOs have reached the top after performing successfully as sales, marketing, and retail managers. In fact, Schiller (1989) reported that 229 of the top 1,000 U.S. CEOs had followed marketing-related career paths. Given the myriad changes occurring in the marketplace, marketing educators need to understand the current role played by marketing executives who guide large U.S. companies. For example, are larger numbers of marketers directing companies today? How many marketers direct non-merchandising firms? Are marketers promoted as quickly as their peers? Are they paid at comparable salary levels? Does business education play a role in one's rise to the top? Finally, what implications do these trends have for marketing educators and the products they produce, the degreed marketing professional? It is the purpose of this study to provide answers to these questions.

PREVIOUS RESEARCH

Numerous studies have confirmed the importance of marketing as a training ground for chief executive officers. In a 1985 study, two-thirds of 1,100 newly promoted executives said they would select marketing/sales or finance/accounting if they were beginning their careers over again. In a subsequent survey of 1,342 key executives, 34% responded that marketing/sales played best in the corporate suite, followed by finance/accounting (25%), and general management (24%). These studies

contrast with a 1979 survey that reported finance/accounting executives were most in demand for top jobs (*Marketing Newsletter* 1987).

A study of CEO profiles by Honeycutt, Ford and Stevenson (1991) concluded that marketing CEOs ranked second for the top spot behind finance/accounting. Marketing CEOs occupied positions in all categories, but the majority directed service, consumer product, and industrial low-tech firms. Marketing CEO annual compensation averaged \$776,000, but required the third longest of all career backgrounds to reach the top executive position--14.2 years.

RESEARCH OBJECTIVES

The investigation strives to answer seven research questions regarding the consequences of following a marketing track over other traditional career paths. The following research questions (RQ) are addressed:

- RQ1.** Is marketing a career path that provides opportunities to ascend to corporate leadership?
- RQ2.** Does a marketing background provide a faster track, than other career paths, to the chief executive's office?
- RQ3.** How do marketing CEO salaries compare with executives from other backgrounds?

- RQ4.** Is there a relationship, by industry, between years as CEO and compensation?
- RQ5.** What are the educational levels of marketing CEOs included in this study?
- RQ6.** Do marketing CEOs possess formal, graduate business administration education?
- RQ7.** In which industries are CEOs found with marketing backgrounds?

With answers to these questions a clearer understanding of how one's career might evolve, given a selected career path, industry, and levels of formal education, can be formulated.

METHODOLOGY

The raw data utilized in this study were drawn from two sources: "America's Highest Paid Bosses" (Hardy 1995), which furnished the statistical information used to compile CEO profiles and "The Corporate Elite" (*Business Week* 1993), which provided a small number of missing CEO background information. The data collected consisted of the following variables: company name, industry, CEO's name, age, undergraduate degree concentration, graduate degree, tenure with firm, years as CEO, career path concentration, and total compensation. The 800 firms identified by Hardy (1995) are grouped into industry categories in [Table 1](#).

TABLE 1
Industry Groupings

Category	Number of Firms	Percentage
High Tech	144	18.0
Low Tech	61	7.6
Consumer Goods	130	16.2
Services	115	14.4
Financial Services	214	26.8
Utilities	56	7.0
Resources	80	10.0
TOTALS	800	100.0

FINDINGS

The data in [Table 2](#) indicate that finance and accounting currently have the highest con-

TABLE 2
CEO Career Paths

Background Emphasis	Number	Percentage
Financial/Accounting	240	30.0
Marketing/Sales	146	18.2
Administration/Operations	128	16.0
Engineering/Technical	105	13.1
Legal	56	7.0
Production/Manufacturing	29	3.6
*Other	24	3.0
**Unknown	80	10.0
TOTALS	800	100.0

*Other category consists of educators, entrepreneurs, and publishing.

**Unknown category indicates that the data were unavailable.

centration of CEOs (30%), while marketing and sales is a distant second (18.2%). This represents an increase for finance/accounting and a decrease for marketing/sales when compared to earlier CEO studies (Honeycutt, Ford, and Stevenson 1991; McComas 1986). Marketing remains second only to finance/accounting as the most-common career path for advancement to the chief executive's office. Administrative/operations (16%) and engineering/technical (13%) backgrounds also remain viable alternatives to the top; however they are selected at lower rates.

Just as choosing the correct career path is important, the time needed to reach the top is equally salient. [Table 3](#) presents the findings on length of time for promotion to CEO. Legal backgrounds provided the shortest route to the top, necessitating 11.4 years, while marketing required 13.7 years, and accounting/finance took slightly longer at 13.8 years. When comparing CEOs appointed from an internal position--as opposed to being hired directly from outside--legal remained the fastest path (14.8 years), followed by finance (16.5) years, and marketing (18.7 years) dropped from third to fifth fastest route to the top.

The average CEO compensation level by career paths, which includes salary, bonus, and stock options, is depicted in [Table 4](#). It is apparent that all career path salaries cluster around the average and statistical tests found no significant differences between groups. Finance/accounting headed the list for highest average pay with \$2,461,000. Marketing

TABLE 3
Career Path's Average Time to Top in Years

Background	Internal & External CEOs	Internal CEOs Only
Legal	11.4	14.8
Administration/Operations	12.5	17.2
Average Time to the Top	13.6	17.4
Marketing/Retail/Sales	13.7	18.7
Financial/Accounting	13.8	16.5
Production/Manufacturing	15.1	17.5
Engineering/Technical	15.1	19.7

finished fifth on the list at \$2,361,000. In an attempt to determine whether arriving from outside or rising through the ranks had an impact on salaries, analysis indicated that pay for new CEOs from outside the company resulted in significantly higher salaries ($F = .0157$). Those CEOs averaged \$2,933,000 annually, significantly more than the \$2,026,000 earned by executives who had been appointed after one to five years at the company, and \$2,140,000 for those with six or more years of tenure.

TABLE 4
Average Compensation by Career Paths

Background	Average Compensation (000)
Financial/Accounting	\$2,461
Production/Manufacturing	\$2,443
Average	\$2,412
Administration/Operations	\$2,393
Engineering/Technical	\$2,392
Marketing/Sales	\$2,361
Legal	\$2,350

CEO education levels are addressed in [Table 5](#). Ninety-one percent of the CEOs in this study possess at least a four year degree and over half (53%) have earned advanced degrees. Of the individuals with an advanced degree, 28% hold an MBA. According to these figures it is evident that a four year degree is almost mandatory for success-oriented managers aspiring to become a CEO. While the same cannot be concluded for advanced degrees, the importance of graduate education can be inferred by the fact that slightly more than half of the study's population possess at least one advanced degree. However individuals seeking a graduate degree should note that, of all

advanced degrees, 53% were MBAs. Thus, the MBA remains the preferred CEO graduate degree. A small number (6%) of CEOs possess a doctoral degree--Ph.D., M.D., or Ed.D.--and they are concentrated, by frequency, in technical (21), finance (14), and administrative/operations (8) backgrounds.

When examining the distribution of CEOs among the industry groups in [Table 6](#), marketing CEOs are represented in all industries, yet concentrating in consumer product, service, and hi-tech industries. The lowest concentrations were found in finance and utilities. Accounting demonstrated a higher concentration (66%) in one industry: finance and banking. However, finance CEOs were found consistently throughout all industries. Engineering/technical backgrounds exhibited the highest concentrations in four industries: high-tech, low-tech, utilities, and resources. Administration/operations did not lead in any industry, but averaged 16% for all eight industries.

IMPLICATIONS FOR MARKETING EDUCATORS

Marketing remains a viable path to positions of corporate leadership. The findings of this study allow marketing educators and students to determine the necessary actions that, in addition to following a marketing career path, increase opportunities to satisfy both personal and professional workplace ambitions.

First, educators should encourage students to pursue careers in marketing and insure them they can be successful within this functional area. However, students must understand the importance of being patient, since it may take slightly longer to reach the top than if they followed several other functional career paths.

Second, it may be possible for marketing educators to better prepare marketing students for top managerial positions. For instance, marketing educators and advisors may want to encourage their students to minor in finance or take finance classes to satisfy elective business requirements. Additionally, marketing educators should consider incorporating more financial concepts and relationships into their marketing classes. As evidenced in previous studies, as well as the current study, financial abilities continue to be a skill in great demand for top executives. It would seem that mar-

TABLE 5
CEO Education Level

Background	4 Year Degree	Advanced Degree	MBA
Administration/Operations	78%	44%	27%
Production/Manufacturing	86%	48%	31%
Marketing/Sales	85%	39%	31%
Legal	100%	100%	2%
Engineering/Technical	98%	63%	21%
Financial/Accounting	92%	52%	37%
Other	100%	62%	25%
OVERALL	91%	53%	28%

TABLE 6
Career Path/Industry Distribution Frequency (Frequency/Percentage)

Career Path	Hi Tech	Lo Tech	Consumer	Service	Financial	Utility	Resources
Finance	(24) 17%	(8) 13%	(18) 14%	(19) 17%	(142) 66%	(10) 18%	(15) 19%
Marketing	(31) 22%	(9) 15%	(41) 32%	(39) 35%	(10) 5%	(3) 5%	(10) 13%
Technical	(43) 30%	(17) 28%	(13) 10%	(5) 4%	(1) <1%	(19) 35%	(22) 28%
Admin	(20) 14%	(12) 20%	(26) 20%	(18) 16%	(14) 7%	(11) 20%	(11) 14%
Production	(3) 2%	(6) 10%	(9) 7%	(3) 3%	(0) 0%	(0) 0%	(8) 10%
Legal	(7) 5%	(3) 5%	(6) 5%	(8) 7%	(17) 8%	(9) 16%	(6) 8%
Other/Unk	(16) 11%	(6) 10%	(17) 13%	(23) 20%	(30) 14%	(4) 7%	(8) 11%
*TOTALS	(144) 100%	(61) 100%	(131) 100%	(115) 100%	(214) 100%	(55) 100%	(80) 100%

*Total may not equal 100% due to rounding

keting students would have a better chance of rising to the top if they can demonstrate a solid knowledge and ability to integrate both marketing and financial concepts. Graduate and undergraduate students have to also understand that possessing a graduate degree, especially an MBA, increases their likelihood of moving into the executive ranks.

Finally, students need to be aware of the past successes by marketing executives in the hi-tech, consumer, and service industries. If graduates accept positions in other industries, they must understand that competing managers from other functional areas may be offered career-enhancing opportunities that may not be available to them.

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ETHICS GAP: COMPARING MARKETERS WITH CONSUMERS ON IMPORTANT DETERMINANTS OF ETHICAL DECISION-MAKING

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ABSTRACT

Studies in marketing ethics often revealed that ethical gaps do exist between marketers and other groups in society. The existence of these ethical gaps could be extremely counterproductive for marketing management. In order to effectively narrow these gaps, a marketing manager must first have a better understanding of causes of these gaps. To this end, this study compares marketing professionals with consumers on some important determinants of the ethical decision-making process. In particular, the marketers and consumers were compared with respect to their personal moral

philosophies and ethical perceptions in marketing situations. The data were obtained from a national survey of the practitioner members of the American Marketing Association and members of a consumer panel of a major southern university in the United States. The results generally indicate that marketing professionals are different from consumers with respect to some of the determinants of ethical decisions investigated. Some important managerial implications based on these findings were discussed.

ETHICAL CLIMATE'S RELATIONSHIP TO TRUST, MARKET ORIENTATION AND COMMITMENT TO QUALITY: A SINGLE FIRM STUDY

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ABSTRACT

This study examines the influence of ethics/compliance programs on the ethical climate of the firm and the relationship between ethical climate and certain marketing performance variables (intra-firm trust, market orientation, and employee commitment to quality). The results revealed significant relationships between ethical climate and intra-firm trust, market orientation and employee commitment to quality.

INTRODUCTION

Businesses in the U.S. have become increasingly concerned over the past decade about the ethical environment and how ethics can be integrated into business practice (Paine 1994; Robin and Reidenbach 1987; Vitell, Rallapalli, and Singhapakdi 1993). Organizations that do not evaluate and attempt to positively affect the ethical environment of their organizations can face undesirable consequences related to the profitability of their business (Kaplan, Dakin, and Smoling 1993), partly because organizations are now being held more accountable by government and society for misconduct in business (United States Sentencing Guidelines Manual 1995). Businesses with lower levels of ethical climate and no mechanisms to foster higher levels of ethical climate provide an opportunity for misconduct.

The Federal Sentencing Commission, which developed uniform sentencing in the federal courts, requires corporations to be responsible for detecting and preventing misconduct by its employees and various agents and for establishing a climate which discourages misconduct. Due diligence is demonstrated when an organization provides evidence of a formal corporate compliance or ethics program.

Managers are also faced with stewardship of corporate performance and have a respon-

sibility to protect the interests of corporate stakeholders (i.e., employees, stockholders, and owners). Past research indicates that various types of work climates affect a range of organizational outcomes including performance (Downey, Hellreigel, and Slocum 1975; Pritchard and Karasick 1973). Victor and Cullen (1987, 1988) suggest that ethical climates are similar to other work climates and propose that such climates may have comparable influence on firm performance factors.

This study answers a call for research that has been issued concerning ethical climate (Victor and Cullen 1988) and its relationship to performance factors such as market orientation (Jaworski and Kohli 1993; Narver and Slater 1990), commitment and trust (Hunt, Wood, and Chonko 1989; Paine, 1994; Hosmer 1994), and quality related factors (Parasuraman, Zeithaml, and Berry 1988; Zeithaml, Berry, and Parasuraman 1988). In addition, Richard P. Conaboy, the Chairman of the U.S. Sentencing Commission, in a national symposium sponsored by the U.S. Sentencing Commission on September 7, 1995 indicated that a major responsibility of the Commission assigned to it by Congress is to foster joint research between academics and businesses to inform the formulation of sound sentencing policy.

HYPOTHESES

- Hypothesis 1: *A comprehensive compliance program is positively associated with higher levels of ethical climate within the firm.*
- Hypothesis 2: *Perception of ethical climate of the organization is positively related to the level of trust within the organization.*

Hypothesis 3: *Perceived ethical climate is positively associated with the perceived market orientation of the firm.*

Hypothesis 4: *Perceived ethical climate is positively related to employee commitment to quality.*

FINDINGS

The hypothesis relating to changes in ethical climate was assessed via paired t-tests of the means of the constructs. H_1 suggests that behaviors directed at raising the level of ethical climate will also result in increased levels of trust. The analysis ($N = 185$; sig. = .17) revealed no significant change in this variable from the pre-test period to the post-test period, and therefore, does not support H_1 .

Hypotheses proposing the relationships between the constructs were tested using simple regression analysis and least squares estimation. H_2 deals with the relationship of perceptions of ethical climate with trust within the organization. Results ($F=57.49$; sig. = .000; $N = 224$) from the analysis indicate a positive and significant relationship between ethical climate and organizational trust, where ethical climate explains 21% of the variation in trust within the organization in the post-test analysis. The expected relationship emerged in this analysis, thus providing support for H_2 .

Perceived ethical climate was hypothesized (H_3) to have a positive relationship with the market orientation of the firm. The regression analysis ($F= 48.02$; sig. = .000; $N = 225$) indicated support for this hypothesis. Ethical climate was significantly and positively related to market orientation of the firm, and explains 18% of the variation.

The relationship of ethical climate with employee commitment to quality was positive and significant (H_4) ($F = 13.84$; sig. = .000; $N = 224$). Ethical climate explained 6% of the variation in employee commitment to quality in the post-test analysis.

While this research failed to support a positive relationship between organizational programs designed to positively influence the ethical climate of the firm and changes in ethical climate in this particular situation, past

research provides a preponderance of evidence supporting such a relationship. Of interest to practitioners and academics is that ethical climate was found to be positively related to intra-firm trust, market orientation, and employee commitment to quality. These findings have important implications for the performance of the firm.

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THE ROLE OF THE TRADE PRESS IN PROMOTING PROFESSIONAL ETHICS IN THE ADVERTISING INDUSTRY: THE CASE OF THE TV QUIZ SCANDAL 1958-60

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ABSTRACT

The TV quiz scandal of 1958 was a critical moment in advertising history when integrity and ethics became a serious concern in the advertising industry. This study examined two

leading trade journals' editorial stands toward professional ethics in advertising and their coverage of ethical issues during the upheaval.

INTRODUCTION

Professional ethics in advertising has become a pertinent issue in advertising. Many surveys on practitioners have been conducted to reveal current industry practice and practitioners' perception of ethical standards. To fully understand the current status of professional ethics in the industry, one must trace its development in modern advertising history. One way of doing this is to analyze specific historical segments of trade press commentaries and coverage of ethical issues in the industry. By closely examining the trade press, one may verify the validity of the often voiced criticism that the advertising industry has limited the discussion of ethics to honest advertising only (Schultze 1981).

Theoretical Framework

A good starting point is to analyze crisis situations in professional ethics in advertising. In contrast to past studies that relied on self-reported responses to questions on ethical standard, this study set out to examine the issue of ethics from published historical evidence. The manner in which the trade press reported industry reaction and responded to public criticism of poor ethics can reflect the normative standards of the time. The purpose of the present study is to examine the development of advertising ethics as portrayed in the trade press within a three dimensional framework proposed by Custis (1978). He posited that professional ethics comprised three dimensions: (1) social responsibility, (2) fair competition, and (3) client accountability.

The principle of *social responsibility* holds that advertising messages affect the interest of consumers and the public at large. Deception, fraud, and bait-and-switching are examples of unethical and socially irresponsible practices that should be avoided. *Fair competition* is a principle which holds that members of the advertising industry must pursue their business with a sense of fairness. Copycats, acts of media espionage, and offering unreasonable service to win business are considered violations of this fair competition principle. Finally, client accountability is the concern of advertising media and agencies which may encounter conflicts of interests among several competing clients. It is the duty of an advertising agency to put the interest of its client as its top priority and to provide clients with adequate service at reasonable costs. These three principles may conflict with one another from times to times and how to strike a balance among them is a critical ethical issue.

The TV Quiz Scandal

The TV quiz scandal was brought about by a contestant, who sued NBC for a rigged quiz show which gave out prepared questions to some contestants in March 1957. At first, the scandal involved the programming staff of TV stations only, but the problem of fraud aroused the attention of Congress which set up an investigatory committee led by senator Owen Harris. By July 1959, except for ABC, all networks were subpoenaed to provide testimony about the running of their quiz shows. From October 1959 onwards, advertisers and advertising agencies were also questioned since

it was felt that as sponsors, advertisers may have encouraged or directly perpetuated a fraud. The use of trickery in producing TV commercials also became a matter of public concern. The TV quiz scandal was a heavy blow to the honeymoon period of the TV and advertising industries during the economic boom of the 1950s (Fox 1985). Moral integrity of TV producers, and advertisers' interference with programming became prevalent topics. The empowerment of the Federal Trade Commission (FTC) as a result and the subsequent series of government regulations marked another era of government control of the industry. The upheaval also signaled the failure of advertising practitioners to adhere to acceptable standards of professional ethics.

Advertising Age and *Printers' Ink* were chosen for comparison for several reasons. Both journals have a long history and were the advertising trade press leaders at the time of study (Schultze 1979). They constituted the major published sources on the development of the advertising industry for researchers (Pollay 1979; Simon 1979). They were both weeklies with roughly equivalent readership profiles and circulation numbers. They both carried regular editorial pages and letters to the editor pages and both had undergone structural changes around the period. *Advertising Age* had just merged with *Advertising and Selling* in 1958 (Schultze, 1979) while *Printers' Ink* was purchased in 1957 by Vision, a Hispanic publication group which also owned *Salesweek* (*Advertising Age*, April 7, 1958).

RESEARCH QUESTIONS

It is within this context that this study of advertising ethics rests. Three questions were examined in this study:

1. What were the editorial stands of *Advertising Age* and *Printers' Ink* on the issue of professional ethics before, during, and after the Congressional probe of the TV quiz scandal?
2. Among the three principles of professional ethics in advertising, which aspect was given more attention?
3. Did both journals emphasize only the theoretical aspects of advertising ethics and neglect the actual conduct of

advertising practitioners as critics charged?

Essentially, the trade press can perform three roles in the issue of advertising professional ethics. 1) Acting as an information provider to cover events concerning professional ethics for its readers in the field; acting as an opinion leader to provide its readers with explicit points of view through its editorial page and crusade campaigns such as *Printers' Ink's* special report series on "Truth and Taste in Advertising;" and acting as an opinion forum to provide practitioners with editorial space for the exchange of ideas. Different trade journals might place different emphasis on each journalistic role.

METHODOLOGY

This study employed the historical method of systematic qualitative analysis. A total of 529 articles published in *Printers' Ink* and *Advertising Age* which fell within the scope of advertising ethics outlined earlier in this paper during the period were compared and analyzed. We investigated the viewpoints and stands of the two journals on the issue of professional ethics by their editorials, crusade campaigns, and examined the scope of the news items on ethics. Responses of the industry to and readers' participation in the ethical issues addressed by the journals were tapped by analyzing contributed essays written by non-staff writers from the industry and in readers' letter in the letters-to-the-editor section. Two interviews with current editorial staff members of *Advertising Age* were done in order to facilitate understanding of the journal's editorial policy, general stand on professional ethics at the time of study and possible long term impacts of their editorial crusades during the TV quiz scandal. One interview was conducted with the current editor, Fred Danzig, who had covered the quiz show scandal as a journalist during the study period. Another was done with S. R. Bernstein, the then editorial director at the time of the scandal and subsequent Congressional probe.

Historical evidence obtained in this study was analyzed in three stages: 1) Before the Congressional probe of the quiz scandal: January 1958 to August 1959; 2) during the Congressional probe of the quiz scandal: September to December 1959; and 3) the

aftermath of the Congressional quiz scandal probe: January to December 1960.

RESULTS

An analysis on historical evidence showed that both *Advertising Age* and *Printers' Ink* provided extensive coverage of the TV quiz scandal, subsequent Congressional probes, and ethical issues in advertising. They were both aware of the growing importance of the FTC to the industry. Both journals carried regular "Washington" columns to update readers on government policies affecting advertising and business.

Before the Congressional Probe

Before the probe, the scope of ethical issues was a little bit broader in *Advertising Age*. During and after the probe, its focus was mainly on misleading advertising with some attention to client accountability. *Printers' Ink*, on the other hand, persisted in focusing on truth and taste in advertising throughout the period. Schultze's (1979) thesis that the scope of advertising ethics by the industry was just on honesty is therefore only partially true. Honesty had been emphasized, but good taste had also been an important component in the discussion of ethics covered in the two journals.

Advertising Age had been a strong advocate of ethics before the Congressional probe on the quiz scandal. It criticized the industry's defense to the public's attack on advertising as "too much talking" without actions to improve the situation (*Advertising Age* April 6, 1959, p.14). It also placed higher priority on consumers' interest than advertisers. Media were urged to resist pressure from unethical advertisers (*Advertising Age* April 6, 1959, p.14). There were a total of 30 editorials and 44 letters from readers and contributors written on the subject of advertising ethics. In terms of the scope of professional ethics being covered, honesty was the focus of attention. Over 80% of its editorials on the issue of professional ethics attacked misleading or bait-and-switch advertising. It also addressed other aspects of professional ethics in its editorials at that time. For example, on the dimension of client accountability, the journal denounced the advertising agency's practice of resigning unprofitable accounts and the corrupt practice of

kickbacks among advertising personnel. Issues relating to fair competition were mostly covered in news reports of FTC's complaints about anti-trust activities.

Further, the discussion of ethical issues in *Advertising Age* was not limited to abstract principles during the period. Subsequent legal punishment of unethical advertisers were frequently covered in news pages. Generally, the FTC was applauded by the journal as a legitimate policing force for the industry (*Advertising Age*, May 11, 1959, p.12). Unlike *Advertising Age*, *Printers' Ink* sided with the industry and took a defensive stand when advertising in general confronted public attack (*Printers' Ink*, May 16, 1958, p.6). Professional ethics was confined to the narrow conception of truth and taste in *Printers' Ink*. *Printers' Ink* held advertising ethics to be "truthful claims and adherence to canons of good taste." (*Printers' Ink* July 3, 1959, p.8) Though it carried some news on anti-trust cases and the development of the Fair Trade Bill, no editorial addressed specifically on this issue. Client accountability was ignored altogether. *Printers' Ink* was aware of the lack of enforcement of advertising ethical codes and alerted its readers to the problem (*Printers' Ink* July 25, 1958). However, its readers were indifferent to its call. In fact, on the issue of advertising ethics, editorials in *Printers' Ink* outnumbered its' letters to the editor' by more than two to one.

During the Congressional Probes

The Congressional probes of the quiz scandal occupied the front page of both *Advertising Age* and *Printers' Ink* for nine consecutive weeks. Advertising people by then had begun to realize its far-reaching impact on the whole industry. The two journals, while paying close attention to the probe, held different interpretations on the cause of the scandal and the meaning of the probe. They also suggested different remedies to their readers. *Advertising Age* took the position that advertisers were at fault by their unnecessary interference in the programming of television stations. It advocated a "magazine concept" in TV advertising in which advertisers would have no control over sponsored shows. Advertisers could only buy spots in a television program, as how they buy advertising pages in magazines. They could not own a program.

In contrast, *Printers' Ink* launched an editorial crusade on advertising ethics. *Printers' Ink* first reminded its readers of its glorious past by proposing to revise its Model Statute of 1911 with a mission statement:

"*Printers' Ink* is especially proud to have been a major force in the movements through the years that have helped achieve the truth and taste some advertising presents today."

(*Printers' Ink*, Nov. 27, 1959, p. 23)

The first four-part series explored the causes of crises in truth and taste in advertising. The lack of enforcement and the use of gray areas to avoid legal charges were highlighted as the core problems. The series identified the gray areas and reviewed all measures to reduce advertising abuses. An integrated program was proposed to improve ethical standards. The program covered many measures which are in use now such as government regulation, self-regulation, censorship of copy by advertising media, and voluntary efforts of individual advertisers and agencies, and the trade associations. Another notable contribution of *Printers' Ink* was the refutation of the common belief that ethical practice would reduce advertising revenue of the media. The economic success of conscientious advertising media such as *Good Housekeeping* and *The New York Times* were commended as exemplary cases.

After the Congressional Probe

The concern for professional ethics in the trade press did not fade after the probe because of the prevailing public skepticism. Indeed, a Gallup Poll conducted in December 1959 showed that two-thirds of the public distrusted advertising and 92% of the population were aware of the quiz scandal. Disillusioned by these results, the two journals held different views on the future directions of advertising ethics. *Advertising Age* reduced the number of editorials commenting on ethical issues. However, its readers continued to show concern over ethics and expressed their opinions in the letter's page. They were critical of themselves and attacked the unethical practices of their peers. *Printers' Ink*, on the contrary, stepped up its editorial crusading. Unlike *Advertising Age* which placed the burden of upholding

advertising ethics on the advertising media (*Advertising Age* January 4, 1960, p.12), *Printers' Ink* held that every member of the industry shared the same amount of responsibility and both media and advertisers were urged to participate in their proposed self-cleansing program.

The two journals assumed quite different roles during the whole study period. Overall, *Advertising Age* served more as a forum for discussion and acted as an information provider. It had been very responsive to cases of dishonest advertising. It reported many more court cases relating to advertising ethics than its counterpart. *Printers' Ink* had assumed an explicit opinion leadership role and taken strong initiatives to launch editorial crusades. Its coverage of ethical issues was much deeper than the coverage of *Advertising Age*. *Printers' Ink* characterized itself as "a trade press of ideas" and *Advertising Age* as a "trade press of news." (*Advertising Age* June 30, p.9) Though readers' participation was low in *Printers' Ink*, it earned high respect from its competitor for its "ethical beliefs and character." (Interview with Bernstein 1992)

After the heavy coverage of the scandal in both journals, the advertising industry seemed to make some progress in the area of ethical standards during this period. Social responsibility was acknowledged, and people in the industry became more aware of the dilemma between showmanship and honesty. Other issues in professional ethics, such as corruption among the programming staff, and professional agency-client relationships were also discussed. The trade press came to realize the importance of enforcement and suggested methods to overcome various problems. It would be fair to say that the trade press closely scrutinized the conduct of the industry. The criticism of Schultze that only lip-service had been paid to advertising ethics should apply only to those advertising practitioners who were indifferent to the advocacy of ethics in the trade press.

CONCLUSION - THE TRADE PRESS AS ETHICS ADVOCATE: CONSTRAINTS AND POTENTIAL

As shown by the evidence in this study, both *Advertising Age* and *Printers' Ink* had been strong supporters of advertising ethics, especially on the principle of social responsibility.

Why the trade press stressed on the social responsibility aspect of advertising ethics can be explained by the fact that misleading claims and distasteful advertising are highly vulnerable to public criticism and government regulation. The principle of fair competition in most cases affects only practitioners and is more controversial under debates about the freedom of trade. Client accountability can even be perceived as a one-to-one relationship without public significance. However, these two underexplored aspects of professional ethics, in turn, can jeopardize the social responsibility in advertisement. For example, unfair competition can foster the growth of misleading competitive claims; and unclear definitions of client accountability could become excuses for justifying socially irresponsible advertising practices. Remarkably, both *Advertising Age* and *Printers' Ink* had generally been impartial and did not defend the cases of the industry unconditionally on advertising ethics issues. Judgments of right and wrong were based on ethical standards. Interests of the industry were secondary to public's interest.

The criticism of the advertising industry to *Advertising Age's* advocacy of the "magazine concept" and their low response to *Printers' Ink's* crusade during the TV quiz scandal indicates the constraints of the trade press in advocating advertising ethics. The open policy and news-orientation of *Advertising Age* had been successful in gaining readers' acceptance. Nearly 90% of the letters submitted by readers had been published in *Advertising Age* (interview with Fred Danzing February, 1992) The much criticized "magazine" concept was gradually adopted by the industry. *Printers' Ink* which assumed an opinion leadership role, in contrast, could not rally significant support from its readers.

Today the trade press has to be much more knowledgeable than the general press and tact-

ful on the issues it covers in order to win respect from its readers. Their participation and support can be the key for success of the trade press in advocating professional ethics and other issues in the trade. The reduction or increase in discrepancy between the ethical standard advocated by the trade press and the actual conduct of practitioners should be a promising study area for advertising ethics researchers.

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APPLYING CONJOINT ANALYSIS TO INTERNATIONAL MARKETS: A CROSS-CULTURAL COMPARISON OF MODEL FIT

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ABSTRACT

Conjoint analysis is an accepted technique for developing new versions of attribute based products in the U.S., but is it applicable in foreign markets? We investigate the use of conjoint in two cultures. Results suggest that

parsimonious main-effect models are appropriate in individualists cultures but, in collective cultures, models including two-way interactions are needed.

INTRODUCTION

International marketers are increasingly developing products specifically targeting a foreign market. As with most other international endeavors, the normative practice is usually to take marketing tools that work in the domestic market and use them internationally. This mentality, however, has been the downfall of more than one international expansion.

Conjoint analysis is a technique that has seen broad acceptance in the U. S. for developing new versions of attribute based products. It is the purpose of this paper to investigate the usefulness of conjoint in international markets, by identifying conjoint models more appropriate to different types of markets. Specifically, hypotheses are developed which suggest that parsimonious models developed for Western, individualistic markets, may not be the most appropriate models for use in collective markets. In order to develop these hypotheses first a review of conjoint analysis is presented. Then the concepts of individualist and collective culture are discussed.

Conjoint

Conjoint analysis is a widely used technique used to design new products and services (i.e., Wind, Green, Shifflet, and Scarbrough 1989). Part of the popularity of conjoint analysis stems from its decompositional nature; conjoint analysis investigates preferences for attributes by decomposing an overall product evaluation rather than basing attribute importance on self reported ratings. Intuitively, many researchers

feel that conjoint findings should be more valid and reliable. With a conjoint technique, respondents do not have to try and construct preference weights for attributes. All respondents have to do is indicate how much or how little they like certain composite products made up of differing levels of the attributes in question. Information pertaining to attribute importance is then deciphered from their overall product evaluations by the conjoint technique.

Although attribute preferences obtained from a conjoint analysis appear to be less artificial, there are limitations. The multiple profile questionnaire technique is a source of criticism. When evaluating each profile, it is assumed that a respondent is making an overall, holistic evaluation based on a mental picture of the product described in the profile. Instead of making the assumed trade offs among the attributes, it is possible that a respondent quickly learns to simplify their decisions by focusing on one or two attributes when making their evaluations. Despite these criticisms, conjoint analysis remains a widely used technique.

Culture

There are a wide array of definitions of culture. The definition most extensively used in cross-cultural management research is one by Hofstede (1980); culture is "the collective programming of the mind which distinguishes the members of one human group from another ... the interactive aggregate of common characteristics that influence a human group's response to its environment". Although each culture is unique, Hofstede (1980) suggested that socie-

ties differ along four major cultural dimensions, and can, thereby, be categorized using these dimensions. These dimensions are: power distance, individualism, masculinity, and uncertainty avoidance. One dimension of culture that has been found particularly useful in the cross-cultural business literature is comprised of the concepts of individualism and collectivism.

Individualistic Cultures-- Individualistic cultures are made up of members who give priority to attaining personal goals over goals of groups (Triandis 1989). Thus, members of individualist cultures associate with many groups whose influence on behavior is narrow and superficial. Individualists emphasize social independence, therefore, group affiliation is less important than maintaining consistent personal behavior across groups. Individualists generally have a strong sense of self identity, and consistent behavior reinforces this self-concept (Triandis 1989). For example, individualists provide more consistent and truthful survey responses under all situations (Triandis 1994).

Collective Cultures-- In collective cultures people are often more concerned about acting appropriately than about maintaining a strong, independent self identity. Collectivist either make no distinctions between personal goals and collective goals, or if these distinctions are made, they give priority to collective goals (Triandis 1989). In addition to subordinating personal goals to collective goals Hui and Triandis (1986) found collectivist tend to be concerned with how consequences of their actions affect members of their "in-groups". There is also evidence to suggest that collectivists automatically obey in-group authorities, work to preserve the integrity of the in-group, and automatically distrust and are unwilling to cooperate with members of out-groups. In sum, behavior that is considered appropriate toward in-groups may not be regarded as appropriate toward members of out-groups. The behavior of collectivists is, thereby, context dependent.

THE EFFECT OF CULTURAL DIFFERENCES ON THE MODELING OF CONJOINT ANALYSIS

Applications of conjoint analysis in the United States have typically used a main-effects only model, or a main-effects plus "selected"

two-way interactions model to determine important attributes (e.g., Wind, Green, Shifflet, and Scarbrough 1989). This norm may be attributed to Green, Carroll, and Goldberg (1981), who used a main-effects plus all-two-way interactions model and determined that the interaction effects were relatively small, and could be attributed to the comparability and incomparability of attributes.

Given what we know about the need for a consistent self-concept, the adequacy of a main-effects only model in an individualistic culture seems appropriate. For example, when evaluating a pair of athletic shoes, an individualist may desire a full leather upper. This desire becomes internalized so that he will prefer the leather athletic shoe to shoes made from alternative materials at all price levels, at all quality levels, etc. However, in a collective culture, members are not motivated to reinforce a consistent self concept. In contrast, collectivists are socialized to incorporate context into decisions. Thus, a shoe may be considered a good shoe if it is leather and priced high, but not if its leather and priced low. Interactions like this should be more prominent in evaluations of products by collectivists.

Therefore, the following hypotheses are put forward:

H1: In an individualistic culture, like that found in the United States, a model incorporating only main effects of attributes will predict an evaluation of the overall product better than a model incorporating main effects and interaction effects.

H2: In an collective culture, like that found in Taiwan, a model incorporating main effects and interaction effects will predict an evaluation of the overall product better than a model incorporating only main effects of attributes.

The following sections of this paper provide (1) an empirical test of these hypothesis, (2) a description of how results of these two models (main-effect only and main-effect plus two-way interactions) would be interpreted, and (3) implications of these findings to international marketing research.

METHODS

A pretest was conducted with an American student sample ($N = 55$) to determine the important product attributes and manufacturer image attributes considered when purchasing athletic shoes. No pre-testing was conducted in Taiwan. Athletic shoes were chosen because it is a product that students are familiar with. Five product attributes and three manufacturer image attributes were identified as being important. The five important product attributes were: the price, performance features, quality, retailers warranty, and manufacturers warranty. The three manufacturer image attributes were: country-of-origin identification, environmental consciousness, community involvement.

Survey Development and Sampling

The variables which were manipulated in the conjoint profiles were constructed from the eight important attributes identified in the pretest. For example, "performance features" was operationalized as the number of performance features included in the profile. Five features were presented in the "high level" profiles, while two performance features were presented in "low level" profiles; these two features were chosen randomly from the total set of five. The American questionnaire contained profiles with nine variables. Because warranties are only now beginning to be offered in Taiwan, manufacturer and retail warranty variables were collapsed into one "warranty" variable (2-levels). Thus, in the Chinese version, profiles contained eight variables.

Once the variables and the levels assigned, a set of orthogonal profiles were constructed. The final design produced eighty profiles used in the American questionnaire, and 70 profiles used in the Taiwanese version. Each profile was followed by a dependent variable. These questions were rated on a 7-point scale, "very unattractive (very negatively)" to "very attractive (very positively)".

The sample from the United States, representing the low context, individualistic culture, comprised 75 students attending a large university in the Southeastern U. S. These students were part of a departmental pool of volunteers who received credit in their undergraduate Psychology course for participation. The

sample from Taiwan, representing the high context, collective culture, was comprised of 64 students taking course-work at a comparable university in central Taiwan. No incentive was given to respondents in this sample.

Analysis and Conjoint Procedures

Conjoint analysis was conducted using MANOVA procedures in SPSS. Two models were run for each individual. In each the variables are treated as categorical variables. Thus, this procedure duplicates the part-worth solution in commercial programs. The first was a main-effects only model. In this model, the scaled evaluative response to a profile is thought to be a linear function of the product characteristics and manufacture image characteristics presented in the profile. For the American sample, this model can be represented by the following equation:

$$y = a_0 + \sum_{i=1}^9 a_i x_i + \epsilon \quad (1)$$

where y is the evaluative variable, and $x(1)$ to $x(9)$ are the levels for the product and image variables for each of the eighty-two profiles. The model used with the Taiwanese sample differs only by having only eight variables. This model is typical of current commercial applications of conjoint analysis.

The second model included all two-way interactions. For the American sample, this model can be represented by the following equation:

$$y = a_0 + \sum_{i=1}^9 a_i x_i + \sum_{j=1}^9 \sum_{k=(j+1)}^9 a_{jk} x_j x_k + \epsilon \quad (2)$$

where the evaluative response to the profile (y) is not only thought to be a linear function of the main effects of profile characteristics, but also the interactions among the profile characteristics. Again, in the Taiwanese sample, the number of main effects is decreased by one. Thus, there are only 28 interaction terms in the Taiwanese model compared to 36 in the American model.

In order to make between-subject comparisons of the two models, for each respondent, the adjusted goodness of fit index (R^2) is

retained from the MANOVA results of both models. Because, model one (main-effects) and model two (main + interactions) are nested models, the adjusted R^2 statistic allows for the direct comparisons between them. Thus, a paired student t-test for mean differences is used to test the differences between the average adjusted R^2 of model one and model two. This analysis is conducted for both the American sample, and the Taiwanese sample. Results of these tests conducted within each culture will allow cross-cultural comparison. Results consistent with the hypotheses would show that in the American sample, model one has a higher R^2 (better fit). Conversely, in the Taiwanese sample, model two should produce a higher R^2 .

Additionally, from the MANOVA results of model one, the number of significant main effects is recorded, and the number of significant interaction effects is recorded from the results of model two. Although the validity of making direct comparisons across cultures is questionable, it is thought that these indicators may provide further insight into which model is most appropriate in each culture.

RESULTS

The results of the above analyses are presented in two parts. First the results pertinent to the hypotheses are presented. This is followed by a description of how results of both models (main-effects only, and main-effects + two-way interactions) would be interpreted within each culture. This description will highlight how differently a conjoint analysis is interpreted depending upon which model is used. Two methods of interpreting the analyses are used. The first method involves conducting another conjoint analysis on an "average" respondent; computed as the mean response to each profile. The second method pools results of the individual level analysis to determine important factors.

Among the American sample, the model with only main effects (model one) produced an average adjusted R^2 of 0.283. The model which also incorporated interaction effects (model two) produced an average adjusted R^2 of 0.270. Although the differences between these models is in the proposed direction, this difference is not significant ($D = 0.013$, $t = 0.68$, $p = .25$). Thus, hypothesis one is not

supported; by incorporating interaction effects, the model neither improved or worsened in the American sample. Among the Taiwanese sample, the model incorporating interaction effects was found to have a higher average adjusted R -squared compared to that of the main-effects only model ($M = 0.425$ vs. 0.365 , $t = -2.81$, $p < 0.01$). Thus, hypothesis two is supported. In a collective culture, the inclusion of two-way interaction effects improves the model over main-effects alone.

Further support for hypothesis two comes from looking at the actual number of attributes the model indicates have significant sums of squares; a significant attribute is one that can predict an evaluation of the overall product. The main-effects only model indicated an average of 2.04 significant main effects in the American sample, compared to only 1.76 in the sample from Taiwan. By itself this has little meaning as it can be attributed to the fact that the American model was estimating nine, as opposed to eight, attributes. However, the number of significant interaction effects computed for model two provide additional insight. Among Taiwanese, an average of 2.31 interaction effects were significant, while among Americans only 1.45 were significant. Here the probability of being significant by chance alone is greater among the American sample (36 estimated interactions) than the Taiwanese sample (28 interactions). Although it does not make sense to test for statistical differences across cultures, these findings suggest the interactions model is more suited for use in collective cultures.

Averaging evaluations across individual respondents for each profile allows one to conduct an overall conjoint analysis from which interpretations across the entire sample can be made. An analysis for both models is conducted to provide two interpretations for each culture. Across the American sample, a main-effects only model indicated three significant attributes: evaluations were more positive when more (mean = 4.27) rather than fewer (mean = 3.38) attributes were included ($F = 15.36$, $p < 0.001$); evaluations were more positive when a manufacturer's warranty was offered (mean = 4.07), than when one was not (mean = 3.59, $F = 7.94$, $p < 0.01$); and evaluations were more favorable for products rated high in quality (mean = 3.89 vs. 3.78, $F = 4.41$, $p < 0.05$). Thus, in comparison, a

main-effects plus two-way interactions model produced only a single significant factor (number of attributes, $F = 11.30$, $p < 0.01$). In the American sample, the more parsimonious model provided further insight, while the interactions model failed to produce a single significant two-way interaction.

Among the Taiwanese, a main-effects only model produced two significant factors: evaluations were more positive when a low price (mean = 4.56) rather than a high price (mean = 3.51) was indicated ($F = 62.76$, $p < 0.001$); and evaluations were also more positive when a warranty was offered (mean = 4.41 vs. 3.84, $F = 11.09$, $p < 0.01$). A main-effects plus two-way interactions model produced one main-effect (price level), and two, two-way interactions (environmental concern with presence of a warranty, and quality rating with support of family values). Taiwanese liked for a company to support family values when they had a quality product. However, when a quality product was not offered, supporting family values seemed to hurt evaluations. Likewise, providing a warranty and being environmentally conscious was positively evaluated. However, when no warranty was offered, being environmentally lowered evaluations. Among the sample from Taiwan, the interaction model provides a more complete view of what features and combinations of features are important.

CONCLUSIONS

Results of this study suggest that when conducting conjoint analysis in an individualistic culture like the United States, it make little difference in whether the conjoint model incorporates interactions or not. Both models seem to fit the data provided by individualists equally well, and both models are interpreted in about the same way. Recent applications have incorporated main-effects and selected interactions of pre-selected interest (e.g., Wind et al. 1989). Findings from this analysis seem to suggest this as an appropriate method of including interactions of interest while retaining parsimony associated with the main effects model.

Within a collective culture, conjoint analysis is more complicated. Interpretations made from the two models differed substantially. Because,

behavior of collectivists is more context dependent, interactions are more likely to be present compared to individualists. As such, a model which incorporates interactions will fit the data provided by collectivist better than a main-effects only model, and it is these interactions that need to be understood if marketers wish to develop new products for markets characterized by collective cultures.

These results should be considered in light of several limitations. First, Because only one sample was selected from each culture, results may not generalize across all individualist or collective cultures. Pretests were not conducted in both cultures, however, profiles were scrutinized by Taiwanese evaluators and deemed appropriate. Additionally, even though no direct statistical tests were conducted across cultures, the use of unbalance models across culture is not optimal and presents a possible confound. In light of these limitations, this is an important study as it is the first to investigate the importance of cultural variables when applying accepted marketing techniques in foreign markets.

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PROBLEMS OF EQUIVALENCE IN CROSS-CULTURAL MARKETING RESEARCH

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INTRODUCTION

Cultural diversity can impede the standardization of marketing programs and increase the complexity of marketing research efforts (see Assael, 1992; Cateora, 1996; Douglas and Craig, 1992). In the context of marketing research, the cross-cultural comparability of research results is a particularly thorny topic which is frequently ignored by researchers. Yet, neglecting cross-cultural comparability issues may render marketing research input for international marketing decisions meaningless (Manrai and Manrai, 1996).

Marketing research across cultural boundaries and nations is widely conducted as "mere" replication research. Researchers typically use a measurement instrument developed in one cultural context, e.g. a marketing scale developed in the US, and apply it in a different cultural context. However, such approaches neglect that reported scale quality standards, such as reliability and validity, may be influenced by cultural factors. Consequently, researchers bear the risk that measurement inequivalence may severely diminish the usefulness of their findings and, in the worst case scenario, will make their results meaningless.

Given the pivotal role measurement equivalence plays in the cross-cultural comparison of research results, this paper aims to provide a first step towards cross-cultural scale validation and the measurement of scale equivalence. Equivalence issues have been discussed heavily in recent cross-cultural research endeavours. The problem of equivalence is a multi-faceted problem and covers aspects of (a) equivalence of research topics, (b) equivalence of research methods, (c) equivalence of research units, (d) equivalence of research administration and (e) equivalence of data handling (Bauer, 1989). Even if all aspects of Bauer's classification are considered, equivalence of data may not obtain. Whenever methodological restrictions do not

allow for meaningful (metric or scalar) equivalence, the authors suggest using a "comprehensive replication" approach. To illustrate the proposed procedure the single-factor construct of consumer ethnocentrism in Austria will be used.

APPROACHES TOWARDS A SOLUTION OF THE EQUIVALENCE PROBLEM

The cross-cultural equivalence of a scale may empirically be examined by comparing data sets from different cultures. We will discuss these two approaches here: the multiple group structural equation modeling approach (Mullen, 1995; Steenkamp and Baumgartner, 1996) and the latent-trait-theory or item-response-theory approach (Singh, 1996).

Multiple Group Structural Equation Modeling Approach

The equivalence of cross-cultural data may be examined by the multiple group structural equation modeling approach (Mullen, 1995; Steenkamp and Baumgartner, 1996). The underlying definition of measurement equivalence involves several levels of cross-cultural invariance: configural invariance, metric invariance, and scalar invariance (Steenkamp and Baumgartner, 1996; Mullen, 1995). These levels of measurement equivalence represent increasingly stringent forms of invariance with scalar invariance being the most restrictive type of equivalence.

Each level of equivalence requires certain criteria to be met. If these criteria are fulfilled, cross-cultural comparisons are possible. The extent to which these comparisons are meaningful, depends on the level of invariance actually reached by the data. The basic form of invariance, **configural invariance**, describes the minimal requirements of cross-cultural correspondence. The concept is based on Thurston's simple structure (Horn et al., 1983) developed

for the interpretation of exploratory factor analysis. Simple structure means that the loading of a variable is high (ideally near one) when the item represents an indicator to the factor (salient loadings), and that the loading is low (zero or near zero) when the item does not (non-salient loadings). Given such a structure, each item measures only one dimension. Cross-cultural validity of a marketing scale requires this structure to be the same across cultures. This assumption can be tested by confirmatory factor analysis. Configural invariance holds true, if the items show loadings close to zero on factors not associated and substantial loadings on factors associated with the item. This has to be true within all samples, irrespective of the cultural affiliation. When testing for configural invariance, no constraints, which-ever, are imposed on the magnitude of the salient loadings, i.e. they do not have to be equally high. Thus, configural invariance assures that basic factor patterns are corresponding cross-culturally, but the strength of the items' association with the factors may differ. If configural invariance is not supported (indicated by a poor model fit), the replication and extension approach ("comprehensive replication", see chapter 0) may be more appropriate.

Data showing configural invariance qualifies for being tested for **metric invariance**. Whereas the nonsalient loadings still have to be close to zero, the salient loadings must now correspond across cultures not only in a configural way but also regarding their magnitude. Despite the constraints of metric invariance being fulfilled, there still may be a sort of non-equivalence. If the data of one sample is affected by a culture-specific bias (for example a higher tendency of affirmative answers, a courtesy-bias, etc.), the factor loadings may not be concerned, since factor loadings are based on covariances and correlations. But metric invariance is no sufficient condition for the comparison of absolute scores of measurement. This implies that means cannot be compared across cultures.

Mean-comparisons are only meaningful, when **scalar invariance** holds. This form of invariance requires equal item-intercepts. This condition assures that individuals from different cultures but with the same location on the latent dimension have the same expected value on the observed variables.

In addition to scalar invariance, the error variances may be tested for their equivalence (which means the reliability of measurement is the same), and the factor variances and covariances (and thereby the factor intercorrelations) may be examined.

For empirical marketing research the question arises which form of invariance has to be met for meaningful comparisons. The first approach in a scale replication, should be focused on conceptual aspects. This means the main emphasis would be on configural invariance. If configural invariance can be achieved, but metric or/and scalar invariance cannot be achieved, this could serve as an indicator of the potential transferability of the concept. Still, since higher levels of invariance could not be detected, the operationalization (the scale items) would need improvement.

However, replications in marketing research frequently aim at comparing means across cultures. As outlined above, scalar invariance is the basis of such comparisons. Facing the variety of cultural facets and habits possibly affecting the response patterns, it is rather unlikely to confirm full metric or scalar invariance, i.e. equivalence of all items of a scale. The concept of partial invariance accounts for these problems (Steenkamp and Baumgartner, 1996), this means only for a reduced set of items metric or scalar invariance holds.

Latent Trait Theory Based Modeling Approach

The Latent Trait Theory (LTT) offers a promising alternative to the multiple group structural equation approach as a procedure of determining cross-cultural equivalence (Singh, 1996). LTT as a test and measurement theory defines the relationship of observed and latent variables in a different way compared with Classical Test Theory (CTT), the underlying paradigm of the multiple group structural equation approach. Whereas CTT refers to continuous variables, namely the observed score as the sum of several items. Latent trait models are based on the single item level. Hence, the relationship between the latent dimension and the observed variable refers to the response to a single item. For the item's answer categories ordinal scaling is sufficient. Especially in cross-cultural research, the interval scale properties, as assumed in CTT, are highly questionable. It

is doubtful, whether the distances between two answer categories are culturally universal. LTT accounts for such differences.

A further shortcoming of CTT is the interdependency of personal parameters (in achievement testing the ability, in attitude testing for example the degree of ethnocentric tendencies) and item parameters (in achievement testing the item difficulty, in attitude testing the item affectivity). In a highly ethnocentric culture, an item's affectivity may be regarded as very low, because almost everybody agrees to it. Such an item would be of very limited use, as would be an extremely simple question in a test for mathematical comprehension. But what if the same item is used in a different culture or in a special subculture, showing much less ethnocentric tendencies on the average? The affectivity of the item would then be much higher with e.g. an equal number of respondents agreeing to and disagreeing with the item.

LTT helps to overcome these problems. Many of the different LTT-models feature independency of person and item parameters; i.e., the estimation of item parameters is not affected by the sample composition. Moreover, the item parameters and person parameters are measured on the same scale (Hambleton et al., 1991).

LTT-Models

For demonstration purposes, a very simple model shall be discussed (Molenaar, 1995). The outlined model may be generalized by introducing further item and/or person parameters (Hambleton et al.; Anderson, 1995; Fischer, 1995; von Davier and Rost 1995). The model discussed hereafter - commonly referred to as the Rasch-model - is based on dichotomously scored items measuring the same dimension (assumption of unidimensionality). For each item one parameter is specified indicating the item's affectivity, hence it is a one (item) parameter model. The relationship of the latent dimension and the observed item response is represented by a logistic function.

$$P_i(\theta) = (e^{(\theta - b_i)}) / (1 + e^{(\theta - b_i)})$$

$$\dots i = 1, 2, \dots, n$$

[Equation 1: Hambleton et al., 1991]

where $P_i(\theta)$ is the probability that a randomly chosen examinee with attitude θ agrees to the item i ; b_i is the item i affectivity parameter; n is the number of items in the test; and e is a transcendental number whose value is 2.718 (correct to three decimals),

The equation of this one-parameter logistic model describes a curve, the so-called item characteristic curve (ICC). This curve defines the probability of agreement in accordance with the location on the underlying latent dimension (θ) and the item affectivity (b_i) as expressed by the function on the curve. For each dichotomous item there is one ICC. The definition of this model implies that all these ICCs are parallel, which means that all items have the same discriminative power.

Model Testing and Cross-Cultural Invariance

As outlined above, the estimation of the item-parameter is independent from the sample composition. If the item-parameters estimated from different samples do differ, then the model does not hold for that item and has to be considered falsified (Hambleton et al., 1991). When regarding samples from different cultures (as in the case of cross-cultural research), the model test is a test of cross-cultural equivalence at the same time. Items showing the same item parameters across cultures are appropriate for cross-cultural comparisons. Even comparisons between means may be conducted, because the same scale refers to different. Inequivalent items are said to show Differential Item Functioning (DIF) and must not be used for cross-cultural comparisons. Chi-square test statistics may be used for testing significant differences of item parameters (Hambleton et al., 1991).

Application of LTT-Models

Besides the addressed advantages of LTT compared with CTT, there are quite some aspects which limit the actual application. The initial estimation of item-parameters requires large samples. The computing procedures involve models and software, many researchers are not familiar with. Last but not least, LTT-models are very stringent models and empirical data often falsifies the assumed model even within the same culture (intraculturally). LTT models require the independence of any pair of items (assumption of local independence, see

Hambleton et al., 1991). This requirement may be violated, e.g. when respondents try to answer consistently. If the response to item i is influenced not only by the latent dimension (and random measurement error), but also by the response to item $i-1$, then the LTT model will be falsified.

CETSCALE-RELATED APPLICATIONS

Although marketing researchers generally agree on the importance of replications, those replications that can be identified in the marketing context show a clear tendency towards fast but not always efficient procedures. The cultural peculiarities of countries are often ignored in cross-cultural marketing research (culture codes, cultural context). We promote the idea that replications - in order to add to common knowledge in the scientific marketing area - have to be designed carefully. Whenever the rigid framework of assessing configural, metric or even scalar invariance seems not applicable, a carefully designed replication and extension approach ("comprehensive replication") should be used.

The single-factor consumer ethnocentrism concept in Austria will be used to support our arguments. Consumer Ethnocentrism is a concept, which was developed by Shimp and Sharma (1987). The concept suggests that domestic consumers evaluate their own country's products as more desirable than those originating from foreign manufacture (Nagashima, 1970). Reasons for this behavior being the purpose not to harm the local economy and not to add to the problem of unemployment. Consumer ethnocentric tendencies are captured in the 17-item US-CETSCALE (consumer ethnocentric tendencies scale). The 17-item US-CETSCALE has been used extensively in different cultural settings and was replicated cross-culturally (Korea, France, Germany). When we look at many of these replications we see some limitations, basically due to a narrow replication-only design and a lack of sensitivity or cultural awareness when trying to capture the ethnocentrism-measure in different cultural contexts.

The Austrian study tried to cope with this problem by broadening the research approach. Careful scale construction and selective replication and extension procedures helped to include Austrian culture standards in the scale.

The procedures involved the re-establishment of the original US-item pool in Austria and a refinement of diverse facets of the ethnocentrism phenomenon. Qualitative interview statements, data categorization and correspondence analysis as well as common data reduction techniques, e.g. exploratory and confirmatory factor analysis and item-to-total-correlations were used. While Shimp and Sharma's US-CETSCALE comprises 17 items, the AT-CETSCALE comprises 21 items. The two scales have 11 items in common, the AT-CETSCALE contains 4 more items out of the re-established item pool and 1 item which does not have a cultural counterpart in the US. The common denominator, i.e. the 11 items can be regarded as "derived ethics" items (Holzmüller, 1995, p. 153).

Steenkamp and Baumgartner (1996) analyzed three data sets of a 10-item version of the CETSCALE. Data were collected in Belgium, Great Britain and Greece. Whereas configural invariance held for the three samples, full metric invariance did not. This means some of the item loadings differed significantly across cultures. Therefore four factor loadings were set free and partial metric invariance was tested and was supported.

When testing for scalar invariance, three intercepts were set free (in addition to the intercepts of those items where metric invariance did not hold). Partial scalar invariance for all three samples regarded was supported for four items. Today there are no LTT-based CETSCALE applications available.

CONCLUSIONS

This paper tries to establish the first step towards a comprehensive research framework for useful replication research in cross-cultural contexts. The "mere replication approach" (translate, collect data, compare results) usually relies on the cross-cultural transferability of a scale ("presumed" etic approach). As suggested, whenever comparisons of means are intended, the "presumed" etic approach does not suffice. For mean comparisons in cross-cultural research data, equivalence issues have to be examined carefully. Both, the multiple group structural equation approach and the latent trait theory approach offer opportunities to test the cross-cultural invariance. In sharp contrast, the replication and extension approach

("comprehensive replication approach") takes into account cultural specifics. This "emic" orientation aims at integrating peculiarities of countries and/or their distinct culture into the measurement instrument.

By confining to culturally universal, i.e. etic items, cultur-specific facets are neglected. It is up to the researcher and his/her research goal whether to use a broadening replication and extension ("comprehensive replication") approach or to focus on the culturally invariant core of a marketing concept. Our future findings will show whether latent trait theory is applicable in the field of consumer ethnocentric tendencies. Furthermore future results will give indications for when to prefer LTT over the classical testing approach.

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JOB SATISFACTION: DO THE INDSALES SCALES HOLD UP IN INTERNATIONAL MARKETS?

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International personal selling and sales force management are among the least investigated areas of international marketing. This is even more true for measurement scales for the job satisfaction of industrial sales forces in foreign markets. Despite the lack of research and missing well-developed guidelines on this issue, the importance of personal selling is more crucial in international markets because of cultural differences. Whether employing expatriates or domestic market salespeople in international markets, marketers must develop sales force job satisfaction methods. This will help them plan and implement successful sales management strategies in international markets. This paper will attempt to test the applicability of a U.S. industrial job satisfaction instrument in a similar industrial sector, but in a foreign market, namely the Netherlands.

Sales management's main goal can be considered to boost the sales of its sales force, directly or indirectly. One such indirect measure might be through increasing the job satisfaction of its salespersons. Naturally, improving the sales forces' job satisfaction might also be a laudable goal in its own right, possibly leading to lower absenteeism, as stated by Bagozzi (1980).

After a brief overview of the concept of job satisfaction a study will be described where the Indsales Scales¹, measuring job satisfaction for industrial sales personnel, were put to test in the Dutch wholesale paper industry, with the objective to assess its applicability in another culture. The results were encouraging and suggest that this U.S. developed instrument might hold up elsewhere.

THE RELATIONSHIP BETWEEN PERFORMANCE AND JOB SATISFACTION

Job satisfaction of salespeople "refers to all the characteristics of the job that representatives find rewarding, fulfilling and satisfying, or frustrating and unsatisfying". (Churchill, Ford & Walker, 1993) Although job satisfaction is a useful concept, widespread agreement on a definition is nowhere to be seen (de Moor, 1992). This author holds the view that "apparently work satisfaction has especially something to do with a sense of wellbeing in the work situation".

One can wonder if satisfaction is comparable to or even equal to the 'feeling of success'. According to Brown et al (1993) feelings of success mediate the relationship between work performance and job satisfaction. There seems to be a significant correlation between satisfaction with work and satisfaction with life, according to the study of Kantak et al (1992) on American national salesforces.

It is assumed that satisfied salespersons tend to perform better than their less satisfied colleagues. Finn (1993) pointing to a large-scale international study showed the correlation between profit, growth, job satisfaction and the rating of skills of people within the organization.

Many industrial salespeople are satisfied with their jobs, according to Churchill, Ford & Walker (1993). Why would that be the case? The authors state the following reasons, all being aspects of the selling career and not necessarily directly related to personal contacts

¹For researchers from smaller, non-English speaking, countries it is tempting to apply instruments that are developed elsewhere in other countries, especially when they possess a high face validity.

and 'battles' with (potential) clients: (1) freedom of action and opportunities for initiative; (2) a variety of challenging activities; (3) financial rewards; (4) favorable working conditions; (5) good opportunities for career development and advancement.

What is the model of causation? Does job satisfaction indeed impact job performance positively? Intuitively it does and should for apparent reasons (happy workers are more productive). However, research in non-selling occupations has found little support for this linkage (Sheridan & Slocum, 1975; Wanous, 1974). In industrial selling settings the opposite was found: job performance influences job satisfaction (Bagozzi, 1978), who also found that the relationship is mediated by individual characteristics (Bagozzi, 1980). It has also been argued (Kalleberg & Loscocco, 1983) that age might influence job satisfaction. (Salespersons moving into better positions during the course of their working life.) No relationship whatsoever has been found by other researchers (Behrman & Perrault, 1984; Franke, Behrman & Perrault, 1982; Dubinsky & Skinner, 1984).

So it is not clear whether job satisfaction is the antecedent or consequence of job performance. Two other hypotheses can be stated:

- the two variables are related reciprocally
- they are not causally related (Correlations are spurious and due to common antecedents; Porter & Lawler, 1968; Locke, 1970; Schwab & Cummings, 1970; Sutermeister, 1971).

Robinson, Athanasiou & Head (1969) have concluded from their literature survey that "the factors involved in judging one's satisfaction with his job most certainly vary widely with the respondent's occupation. (...) It is time for occupational researchers to turn away from the search for universal determinants of job satisfaction and to realize the need for amalgamating more intensive investigations within single occupations".

We assume there is a positive relationship between satisfaction of salespersons and their effectiveness. This seems logical because radiating this positive feeling with their clients may make for better sales. Furthermore, it seems

highly unlikely that clients want to deal with chronically unhappy and depressed salespeople.

MEASURING SALESPERSON'S JOB SATISFACTION

Job satisfaction can be measured in a number of ways. An example of an ad-hoc approach is El-Ansary's (El-Ansary, Zabriskie & Browning, 1993; Harris, 1994) In his large-scale Sales Force Effectiveness Study (SFER-2) he measured job satisfaction by the sole question "*Please indicate your degree of satisfaction/dissatisfaction with the following aspects of your current sales position*" (1 = very dissatisfied, 4 = neutral, 7 = very satisfied). Satisfaction was then measured on the following aspects: job functions, territory assignment, sales quotas, hiring and selection criteria for salespeople, quality of company personnel, compensation and benefits package, training provided, telecommunication equipment provided, administrative support provided, inside sales/customer service support provided, service provided to customers, supplier relations/service provided by suppliers, supervision provided by the sales manager, direction and guidance provided by top management, and sales force performance evaluation criteria. Another approach is assessing job satisfaction through research instruments, especially developed for measuring job satisfaction (see [Table 1](#)). A literature survey of satisfaction scales on sales forces used in the period 1972-1988 yielded the results shown in [Table 1](#) (Comer, Machleit & Lagace, 1989):

INDSALES SCALES

Indsales Scales, notably its reduced version, was the preferred test for the current study for the following reasons:

1. It is one of the most widely used job satisfaction instruments.
2. It is "one of the most rigorously developed and validated scales for measuring the job satisfaction dimensions of industrial sales reps" (Churchill, Ford & Walker, 1974).
3. The original lengthy instrument is psychometrically sound, just as its shortened version, developed by Comer,

Machleit & Lagace (1989), which is more attractive for researchers - clearly needed when the instrument is part of a larger questionnaire, as is the case in our study.

TABLE 1
Publications on Various Job Satisfaction Scales

Instrument	Number of Publications (1972-1988)
Indsales Scales	7
Smith, Kendall & Hulin (JDI) ¹	7
Hackman & Oldham (JDS) ²	5
Comer ³	11
Pearson ⁴	
SRA ⁵	
Other	6

In 36 sales force studies, 20 different satisfaction scales were used

¹Job Diagnostic Index

²Job Diagnostic Survey

³The reduced version of Indsales Scales.

⁴Only number of scale items found in literature.

⁵Science Research Associates' Inventory for Field Salesmen. Only number of scale items found in literature.

According to Churchill, Ford & Walker (1974) there seem to be seven different dimensions to sales job satisfaction, while "salespeople's total satisfaction with their jobs is a reflection of their satisfaction with each of these elements" (Churchill, Ford & Walker, 1993): (1) the job itself; (2) fellow workers; (3) supervision; (4) company policies and support; (5) pay; (6) promotion and advancement opportunities; (7) customers (Strangely enough, "customers" occupy the last position of this dimensional ladder. Coincidence?)

The scales cohesion of the original instrument (Churchill, Ford & Walker, 1974) and the reduced version (Comer, Machleit & Lagace, 1989; Childers, et al 1980; Lagace, Goolsby & Gassenheimer, 1993) are very good, as shown in [Table 2](#).

CONSTRUCT VALIDITY

If this test is supposed to measure the psychological construct of satisfaction, one can ask

TABLE 2
Internal Reliability of the Original and Reduced Indsales Scales

Component	Alpha Coefficient Original Version ¹	Alpha Coefficient Reduced Version ²
Job	.88	.87
Fellow workers	.84	.79
Supervisor	.93	.85
Company policy	.9	.84
Pay	.89	.77
Promotion	.87	.83
Customers	.82	.81
Total scale	.96	n.a.

¹Churchill, Ford & Walker (1974)

²Comer, Machleit & Lagace (1989)

where the behavioral counterpart can be found. "Construct validity is of greatest concern", concluded Churchill, Ford & Walker (1974): "does the instrument really measure the construct of job satisfaction or does it measure some other construct or constructs?" The high internal consistency and the high alpha coefficients suggest that all items relate to the same construct (Churchill, Ford & Walker, 1974) - but not necessarily job satisfaction. The relationship between this measure and turnover (dissatisfied employees who quit their jobs) is weak (Churchill, Ford & Walker, 1974). Research indicates that role conflict and role ambiguity seem to have a negative impact on job satisfaction (Childers et al., 1980). Their conclusion: "the validity of any measurement instrument can never be proven beyond all doubt. The assessment of validity is a continuing process that must reflect new applications and findings obtained with the instrument". The relationship between Indsales and sales managers' ratings of their salespersons' - perceived job satisfaction could shed some light on its validity, although some direct behavioral measure would be preferable.

METHODOLOGY

Population

As a population for this study served all 12 members of the Dutch 'Vereniging van Papiergroothandelaren', having an estimated 70-80%

marketshare of the entire paper wholesale market in the Netherlands (Antonini, 1995). (For clarity's sake: no samples were taken.)

Questionnaires

The tested Indsales Scales were part of a larger questionnaire, consisting of a standard commercial comprehension test and selected questions from the before-mentioned SFER-2 study (Harris, 1994). Since the reduced version is more manageable and has the same psychometric properties (as Comer et al (1989) have showed for industrial salespeople and Lagace et al (1993) for providers of a non-industrial service) this version was used to get criteria for the individual salesperson's satisfaction. A disadvantage of this reduced version is the fact that multiple items per scale may have some diagnostic value in organizations. This aspect is of no value for this study. See appendix. The Indsales Scales questions were translated into Dutch and adapted and back-translated into English as a double check for possible errors. All items were mixed in order to avoid possible scale bias effects. The 7th scale, 'Promotions and advancement opportunities', was excluded since it was felt that the main questionnaire was already prohibitively long and because this scale is farther removed from the salesperson's 'day-to-day satisfaction'.

Medium and Period

All questionnaires were mailed to the sales managers and/or commercial directors of the member-companies and either sent back collectively or individually by the salespersons. The fieldwork for this study took place in the period September 1995 - January 1996.

RESULTS

Internal Reliability

The six measured scales all hold up well, with the exception of the 'Pay scale', as Table 4 shows. Deleting one item does not improve the scale cohesion of 'Company policy', nor the 'Pay scale'.

The cohesion appears to be somewhat less strong than in the American studies, as Table 5 shows. In the U.S. studies the 'Pay Scale' is also the least cohesive.

TABLE 3
Response Rate

Population of selected companies	12
Refusals	2
Not contacted: too small	1
Questionnaires mailed out to salespersons	153
Questionnaires returned	88
Usable questionnaires	88
Response rate, companies (n = 9)	75%
Response rate, salespersons	58%

TABLE 4
Reliabilities of the Indsales Scales (Cronbach's alpha)¹

Scale	Item nr.	Alpha	If 1 item deleted
Supervision	1,7,14,21	.6779	.7687
Job	3,8,16,20	.8962	.9004
Company policy	4,9,13,15	.7737	n.i. ²
Pay ³	5,11,19,24	.5544	n.i.
Fellow workers ⁴	6,10,17,22	.7145	.7616
Customers	2,12,18,23	.8654	.8775
Total		.8807	.9002

¹Internal consistency is a necessary but not sufficient condition for test-reliability.

²Internal consistency is a necessary but not sufficient condition for test-reliability.

³No improvement

⁴Since items 5 and 11 were worded negatively, they had to be recoded.

⁵Since item 6 was phrased negatively, it was recoded.

TABLE 5
Reliabilities of Indsales in the U.S. and the Netherlands (Cronbach's alpha)

Scale	Current study	Lagace et al (1993)	Comer et al (1989)
Supervision	.68	.89	.89
Job	.90	.91	.87
Company policy	.77	.83	.84
Pay	.55	.76	.77
Fellow workers	.71	.82	.79
Customers	.87	.92	.81

Through a principal components analysis (varimax rotation) it was tried to identify the same factors (scales) as in the U.S. studies (see [Table 6](#)).

TABLE 6
Identification of Scales

Factor	Statement Numbers	Eigenvalue	% of Variance
1	3,8,16,20	8.33271	34.7
2	2,12,18,23	2.61741	10.9
3	4,9,10,13,15,17,22	1.79141	7.5
4	7,14,21	1.50167	6.3
5	5,11	1.32791	5.5
6	1,6,19,24	1.15112	4.8

Factor 1 turned out to be the 'Job scale'. (All original statements of this scale formed together this 'new' factor.)

Factor 2 was identified as the 'Customer scale'.

Factor 3 partly looks like the 'Company policy scale'; this factor is composed of the original statements, added by statements nrs. 10, 17, 22 - that belonged to the 'Fellow workers scale'.

Factor 4 turned out to be the 'Supervision scale', minus statement 1.

Factor 5 could be considered the 'Pay scale', but minus the statements 19 and 24.

Factor 6 turned out to be a mix of variables, whose composition could not be explained. (Statements 1, 6, 19, 24)

Since the reliabilities are in line with the results of earlier studies (Comer et al. 1989; Lagace et al. 1993) and the original scales (factors) were identified to a large extent, it seems fair to conclude that the Indsales Scales can also be applied in another culture, besides the U.S.

DISCUSSION

Two issues still remain:

1. Is job satisfaction a real-world problem? If job satisfaction does only improve the work atmosphere (which, of course, is laudable as such) then the management's expectations of increased sales by promoting satisfaction are unrealistic. On the other hand, job dissatisfaction seems to be a good predictor of absence (Bagozzi, 1980), turnover and tardiness (De Moor, 1992). It looks like job (dis)satisfaction is linked to job motivation, described by De Moor (1992) as 'energizing a person to do his work'.
2. The construct of job satisfaction remains weak. What exactly is job satisfaction? It would not be unrealistic to assume that job motivation is a 'proactive push', while (job) satisfaction is more of a 'retroactive' dimension. More interesting in this context is the question if satisfaction is a state of mind (a situational factor) or a stable and long-lasting personality trait. Some people have it to a large degree (whether acquired genetically or socially, or both), some mildly and some not at all. It is not an uncommon observation that people who seem to have it are not per se happy all the time, nor do the less fortunate ones feel miserable all the time. There is some evidence in the literature for the existence of satisfaction or happiness as a personality trait. There seems to be some support that "those who had unhappy dispositions early in life tended to report the least job satisfaction; those with happy dispositions, the most (job) satisfaction" (Riebstein, 1988). Furthermore, changes in work conditions seem to have only some effect on job satisfaction (Van Yperen, 1996). That being the case, individual commercial success (as measured through various output criteria) could largely depend on the salesperson's personality, which then should be assessed prior to his employment.

An alternative hypothesis is that job satisfaction may lead to '*organizational citizen behavior*' (Van Yperen, 1996): satisfied employees support co-workers and superiors, promote the organization externally and are

loyal. Activities like these often go undetected and are hard to measure.

It was pointed out that the relationship between job satisfaction and performance is not clear. Apparently, some people are satisfied (and thus motivated) by their results, while others may be motivated by some personal satisfaction, which propels them to a better performance.

There may be a relationship between (job) satisfaction and gender, although this speculation lies outside the scope of this study. In a different context it was expressed nicely in a radio interview by a national Dutch volleyball coach: "in my male team the better the results the better the atmosphere in the group. However, another phenomenon seems to be at work in my female team: the better the atmosphere with these women, the better their results".

SUGGESTIONS FOR FURTHER RESEARCH

If indeed satisfied people perform better than their ('innately') unhappy colleagues then it certainly would be worthwhile to study this subject more in-depth. A link with personality research might give fresh insights into more deeply lying factors behind job satisfaction. It also seems tempting to speculate about the applicability of the Indsales Scales up the corporate ladder: at sales manager's level. (The first author was offered the opportunity to experiment with the Indsales Scales in a sample of Dutch sales managers through a mail pilot study (n = 600). To this end 4 statements had to be modified slightly: the word 'sales manager' was changed into 'my boss'. This pilot will be followed up by a population-wide study amongst all readers of a national trade magazine called 'Sales Management'. This study is in progress.)

SUMMARY AND CONCLUSION

It seems that the (scaled down) Indsales instrument has held up in other country outside the U.S. It's strong psychometric properties were confirmed, which is encouraging. It can be concluded that Indsales can be applied in the Netherlands as a research and practical instrument.

Measuring job satisfaction of industrial salespersons is useful as such (e.g. in relationship to the sales force's work atmosphere), although this concept might be stronger if it has the power to predict output - factors, like sales.

This research confirms the fact that in some foreign markets U.S.-based and developed methods may be applied successfully. Perhaps similar market development and similar cultural context in the Netherlands as in the U.S. home market are the main causes of this result. This may help some companies to develop realistic sales strategies at: international-level planning decisions and country-level sales management activities.

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APPENDIX

Figures between parentheses (...) refer to their factor loadings in the reduced version (Comer, Machleit, & Lagace, 1989). The figures between 'hooks' [...] refer to the present study.

Scale: Supervision

My regional sales manager really tries to get our ideas about things (.80) [-.62]

My regional sales manager has always been fair in dealings with me (.79) [.73]

My regional sales manager gives us credit and praise for work well done (.73) [.79]

My regional sales manager lives up to his/her promises (.74) [.70]

Scale: Job

My work gives a sense of accomplishment (.82) [.77]

My job is exciting (.74) [.86]

My work is satisfying (.81) [.67]

I am really doing something worthwhile in my job (.79) [.72]

Scale: Company Policy

Management is progressive (.75) [.61]

Top management really knows its job (.82) [.59]

The company operates efficiently and smoothly (.70) [.68]

Salespersons in company receive good support from the home office (.73) [.63]

Scale: Pay

My pay is low in comparison with what others get for similar work in other companies (.86) [.85]

In my opinion, the pay here is lower than in other companies (.78) [.85]

I am paid fairly compared with other employees in this company (.56) [.69]

My income is adequate for normal expenses (.50) [.49]

Scale: Fellow Workers

My fellow workers are selfish (.61) [.45]

My fellow workers are pleasant (.76) [.53]

The people I work with are very friendly (.80) [.52]

The people I work with help each other out when someone falls behind or gets in a tight spot (.62) [.63]

Scale: Customers

My customers live up to their promises (.60) [.82]

My customers are trustworthy (.81) [.78]

My customers are loyal (.76) [.81]

My customers are understanding (.72) [.79]

A CONTINGENCY MODEL OF SUPPLIER-RESELLER SATISFACTION PERCEPTIONS IN DISTRIBUTION CHANNELS

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ABSTRACT

This paper investigates the difference between reseller satisfaction as expressed by the reseller and presumed reseller satisfaction as interpreted by the supplier. The authors empirically test six hypotheses to determine the influence of certain environmental variables on perceived satisfaction. The results indicate the seller underestimates buyer satisfaction when product line growth is increasing, when the administration of pricing policy is seen as excellent by the buyer, and when the channel is indirect. The seller overestimates reseller satisfaction when the reseller is larger, when there is more undetected rivalry, and when the reseller perceives themselves as more powerful.

INTRODUCTION

It is important for a supplier to be clear on which customer service attributes are important to the reseller, as well as the supplier performance level as perceived by the reseller. Traditional attributes that have been investigated include such dimensions as availability, delivery quality, communication, salesperson support, quality, and the like (Mentzer, Gomes, and Krapfel 1989). These attributes can be measured in terms of actual performance, for example, percentage of items filled on an order, or in terms of the buyer's perception of supplier performance, which may be different from actual performance. Thus, not only are the attributes themselves important, but also and more importantly, it is the buyer's perception of the attributes (Tucker 1980) that is essential in deciding whether the buyer should continue purchasing from a particular supplier. The ability of salespersons to understand their customer regarding which attributes are more important then leads to selling success or improved company performance. Indeed, lack of supplier performance on items that add to

reseller satisfaction may reduce sales; supplier performance on items that do not add to the reseller's satisfaction may reduce profitability unnecessarily. Therefore, it is essential that the supplier accurately understand the level of reseller satisfaction.

The purpose of this paper is to present an exploratory model investigating the difference between reseller satisfaction, as expressed by the reseller, and presumed reseller satisfaction, as interpreted by the supplier. Furthermore, we investigate the degree to which the presence of certain variables results in a larger or smaller difference in perceived satisfaction between the seller and the reseller. No study to date has explored the effect that environmental variables have on reseller satisfaction.

We begin with an examination of the relevant satisfaction and buyer-seller literature. Then, a contingency framework and recognition that differences in perceived satisfaction are not driven solely by performance will be investigated. The question of whether there are other contingent drivers of the seller's estimation of buyer satisfaction which result in over- or underestimation of the buyer's true perceived satisfaction will be examined using six hypotheses. In the third section the methodology is presented. Next a discussion of the results is presented. Finally, managerial implications and future research directions are suggested.

LITERATURE REVIEW

Previous literature has developed the well known "disconfirmation of expectations" model of satisfaction which is generally applied to consumer behavior (Oliver 1980; Oliver 1981). The literature tells us that satisfaction is a result of a comparison between company perfor-

mance and customer expectations. Satisfaction models are usually focused on narrow, attribute specific performance and expectations (Bearden and Teel 1983; Churchill and Surprenant 1982; Tse and Wilton 1988; Oliver 1993). However, there is a gap in our current understanding of the satisfaction model from a relational perspective which is appropriate in a channels context. That is, the difference between the reseller's perception of their satisfaction and the seller's judgement of this perception has not been examined.

Satisfaction, or the comparison process between perceived performance and expectations, may vary under different conditions. Strategic management theory considers a firm's performance to be a function of strategic and environmental variables (Hatten, Schendel, and Cooper 1978). Strategic variables are those over which the company has influence, such as the amount of customer service provided, while environmental variables are those outside the company's control, such as the amount of competition or rivalry in the industry. The implication is that the level of customer service provided will vary depending on the presence of certain environmental variables. Thus it is a mistake to conclude that perceptual differences in satisfaction between the seller and the reseller can be influenced solely by the seller's performance on certain variables. These differences in perception of reseller satisfaction in a channels context may also be influenced by several environmental variables which are widely used in several literatures.

RESEARCH OBJECTIVES

The environmental variables included in the following model are drawn from strategic management literature. More specifically, Hambrick and Lei (1985) performed an empirical prioritization of certain environmental variables to determine their effect on firm performance. We are adapting the following environmental variables from Hambrick and Lei: growth in the product category, rivalry, type of channel, reseller size, and reseller power. Additionally, Hambrick and Lei also point out the importance of examining firm variables. The administration of pricing policy is included to explore the effect this strategic (controllable) variable may have on perceptual differences between the sellers and the resellers.

Hypotheses

- H1: The higher the growth in the product category, the more the sales representative will underestimate buyer satisfaction.
- H2: The greater the degree of undetected seller rivalry, the more the sales representative will overestimate buyer satisfaction.
- H3: In an indirect channel, the sales representative will more likely underestimate buyer satisfaction.
- H4: The larger the customer, the more the sales representative will overestimate buyer satisfaction.
- H5: The more power a buyer has, the more the sales representative will overestimate buyer satisfaction.
- H6: The better the customer perceives the administration of pricing policy to be, the more the sales representative will underestimate buyer satisfaction.

METHOD

Research Design

A great deal of care was taken to ensure a matched set of responses from resellers and sales representatives, who were both knowledgeable about purchasing and receiving the product category and who were reporting on the identical relationship. The matched dyad is essential to account for differences which occur within the specific relationship between each sales representative and the corresponding reseller. A matched dyad enables a comparison between the sales representative's perception of a specific reseller's satisfaction and the reseller's perception of their own satisfaction. While the average response of a group of sales representatives on reseller satisfaction may be quite close to the average response of a group of resellers on their own satisfaction, (Han, Wilson, and Dant 1993) there may be individual differences in dyad results. These differences may occur under different situations. Without using matched dyads, interesting differences may be obscured.

The instruments for resellers and sales representatives were quite similar. The customer survey design focuses on perceptions of resellers regarding seller performance on customer service items. The sales representative's survey design included the name of a specific reseller and directed the customer service representative or field sales representative to think of themselves as the named reseller on the survey and answer accordingly. The result is the sales representative's best guess about their customer's perceptions of seller customer service. In both cases, the instruments were pretested on resellers or sales representatives, as appropriate, to be sure the instrument was clear and that the informant in question would have the information necessary to answer the items presented.

DISCUSSION

Overall, there was no systematic difference in perceived customer satisfaction between manufacturer's representatives and customers. Yet in some cases in an individual dyad, manufacturer representatives and customers perceived the level of customer satisfaction differently. Under what conditions could we expect to find these differences? The level of satisfaction is driven primarily by a comparison between buyer expectations and seller performance. The individual difference in perceived satisfaction levels suggests, however, that there may be additional factors that influence perceptions of performance on customer expectations.

All of the environmental conditions tested contributed significantly to a difference in satisfaction. That is, the sales representative perceived the level of their customer's satisfaction differently than the customer's self-reported satisfaction score under all of the conditions tested. Overall, the results show some interesting differences between seller and reseller perceptions. The sales representative underestimates buyer satisfaction when product category growth is increasing, when the administration of pricing policy is seen as excellent by the buyer, and when the channel is indirect. It is possible that buyer informants may have had higher expectations arising from over promising by the supplier or from experience with supplier competitive firms. The sales representative overestimates reseller satisfaction when the reseller is larger, when there is more perceived

undetected rivalry in the channel, and when the reseller perceives themselves as more powerful. Supplier informants may have inflated their perceptions of delivered service to avoid criticizing themselves or their firm.

MANAGERIAL IMPLICATIONS

It is important for managers to consider the consequences of over- or underestimation of buyer satisfaction on the part of the sales representative. We have shown that circumstances beyond the sales representative, and even the company's control, can influence buyer satisfaction-seller perceptions of buyer satisfaction gaps. Nonetheless, these gaps can lead to conflicts between sales representatives and sales managers as follows. If the sales representative overestimates the satisfaction of the reseller, the firm is vulnerable to replacement. Under these conditions, there may be undetected competitors that steal market share from the seller. This may be due to a false sense of security on the part of the representative resulting from the overestimation of satisfaction. If, on the other hand, the sales representative underestimates the satisfaction of the reseller and then tries to rectify the situation by allocating additional resources, the firm may be wasting money. When a sales representative over- or underestimates a buyer's satisfaction due to their own lack of attention to the account, they may deserve to be penalized. When that gap occurs due to circumstances beyond their control, they may have a legitimate complaint. Sales managers should consider both situations.

FUTURE RESEARCH

This current study uses data from the channel of distribution portion of the supply chain. It would be of value to explore the generalizability of the model to the materials management portion of the supply chain. Additionally, it would be interesting to replicate the study over several years with the same manufacturer to determine whether there has been a reduction in perceptual differences between sales representatives and buyers over time. It would be especially interesting to share the results from the prior year's study with only half of the sales representatives and retest the following year to determine if that additional knowledge lessened the difference in satisfaction score.

The understanding of a buyer's satisfaction is essential for a seller. This study has attempted to shed light on specific conditions under which the sales representative may over- or underestimate the buyer's satisfaction. This additional knowledge may help reduce the difference in satisfaction score and thus improve the seller's understanding of their customers, leading to higher sales and profits.

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MEASURING CUSTOMER SATISFACTION WITH LOGISTICS SERVICES: AN INVESTIGATION OF THE MOTOR CARRIER INDUSTRY

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ABSTRACT

INTRODUCTION

Business strategy has recently been focused on total quality management (TQM), customer satisfaction, and service quality (Byrne 1993). Quality relates to value and satisfaction (Innis and La Londe 1994). The more you compete on quality and value, the more important satisfaction becomes in finding out whether or not the firm is delivering what customers want (*Marketing News*, February 17, 1992, p. 5). As noted by Levitt (1965), keeping customers satisfied is a central part of all business activity. Once perceived as playing mainly a supporting role in a firm's operations, customer satisfaction is now being used to strategically gain a competitive advantage. Consequently, many researchers have studied the importance of the satisfaction concept and sought to measure the firm's performance of various facets of satisfaction.

The proper measurement of customer satisfaction is important to sound management because, in today's competitive marketplace, it is becoming increasingly difficult to gain and retain a competitive advantage through product differentiation. Nagel and Cilliers (1990) note that customer satisfaction is the new standard by which customers are measuring business performance. It is not a competitive edge, it is the competitive edge. They note that attention to this aspect of business calls for a refocus on customer needs as the basics of business operations.

PURPOSE OF THE STUDY

This study reports on the measurement of customer perception of service performance with logistics services. First, this study seeks to identify the factors that logistics managers

consider important to operations in the motor-carrier industry. Second, with respect to the factors identified, the study seeks to determine the degree to which logistic managers were satisfied with the level/quality of service they were receiving. Third, the study seeks to determine if there is a difference in perceptions of service performance based upon how important the shipper is to the motor-carrier.

LOGISTIC PERFORMANCE AND CUSTOMER SATISFACTION

Logistics, which senior management once perceived as having a support role, is now being used strategically to gain a competitive advantage (Langley and Holcomb 1992). This makes it important to measure the performance of logistics providers. Because of the many variables involved in providing logistic services, the measurement of consumer satisfaction with logistic services has long been a problem for logistic managers. Even though the measurement of performance is critical to the practice of management, few concrete measures exist for assessing the level of logistical performance. While costs are relatively straightforward to establish, it has been much more difficult to quantify benefits.

Measuring logistics performance involves measuring performance in several areas of activity: systems development, delivery, inventory control, materials handling, timeliness, etc. To complicate matters further, performance in each of these areas must be measured in the context of the provider's past and present resources (Guimaraes and Gupta 1988). The many variables that comprise the logistic service are related in complex ways. For example, it is impossible to minimize all logistics costs in an attempt to maximize system returns. Fur-

ther, many of the variables involved in assessing logistic services are intangible. In addition to these difficulties, it is also difficult to measure user satisfaction with logistic services. Given the difficulty in evaluation the economics of logistic services, researchers have traditionally focused on or used measures of customer satisfaction with the performance of logistic services.

CONCLUSION

In this study, the data representing customer service quality (performance) perceptions and satisfaction with logistics services has been used to identify areas needing improvement. It also identifies those areas in which the firm is effective in providing services. The results of this analysis appear to provide some support for conceptualizing and measuring service quality as multi-item factors as suggested by Cronin and Taylor (1992). Since the multi-item factors essentially measures performance, it can be used in conjunction with attribute importance to determine consumer attitudes toward key service attributes. The importance attributes represent the consumer's evaluative criteria in service choice. This, in turn, can be used in determining the firm's marketing strategy. Further research is needed to investigate the applicability of customer importance-performance ratings to different aspects of logistics services. Further analysis is also warranted to determine the reliability and validity of the multi-item scales used in this study.

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MODELLING THE EFFECTS OF MARKET ORIENTATION ON CHANNEL RELATIONSHIPS: A CONCEPTUAL FRAMEWORK

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ABSTRACT

The adoption of market-oriented behaviors by partners engaged in a channel of distribution would appear to allow for the creation of resilient, longer-lasting channel relationships, which in turn, should result in stronger competitive positions. This paper presents a model and propositional inventory which integrates market orientation with other channel constructs determined to be important in the creation of long-term *dyadic* relationships between firms.

Theoretical underpinnings were extracted from the marketing literature in the development of the following propositions:

- P₁: The channel partner's market orientation has a positive and significant effect on the firm's market orientation.
- P_{2a}: The firm's market orientation has a positive and significant effect on the firm's perception of the channel partner's market orientation.
- P_{2b}: The channel partner's market orientation has a positive and significant effect on the firm's perception of the channel partner's market orientation.
- P_{3a}: The firm's market orientation has a positive and significant effect on the amount of communication in the relationship perceived by the firm.
- P_{3b}: The channel partner's market orientation is positively and significantly related to the amount of communication in the relationship perceived by the firm.
- P₄: The firm's perception of two-way communication within the relationship has a positive and significant effect on the firm's perception of the channel partner's customer orientation.
- P₅: The firm's perception of the channel partner's market orientation has a

positive and significant effect on the perceived level of trust in the relationship.

- P₆: The firm's perception of the channel partner's market orientation has a positive and significant effect on the level of cooperation within the dyadic relationship.
- P₇: The firm's perception of the channel partner's market orientation has a positive and significant effect on the level of commitment within the dyadic relationship.
- P₈: The level of communication within the channel dyad has a positive and significant effect on the level of perceived trust.
- P₉: The level of communication with the channel dyad has a positive and significant effect on the level of perceived cooperation.
- P₁₀: The level of communication with the channel dyad has a positive and significant effect on the level of perceived commitment.

DISCUSSION AND CONCLUSIONS

Although marketers have recognized the potential significance of a market orientation, the research examining its effects is still in its infancy. This paper conceptually models and supports the effects of market orientation in the channel relationship using a dyadic framework, adding to the emerging stream of literature regarding the importance of adopting a market orientation. In general, the conceptualization suggests that market orientation is a way of increasing communication and instilling perceptions of superior customer responsiveness in a channel relationship. These benefits, in turn, promote trust, cooperation and commitment to the channel relationship.

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ABSTRACT

This paper describes the use of the Internet in a team taught interdisciplinary course covering both marketing and management information systems. The Internet is applied both as

(1) a tool for communication and to facilitate research, and as (2) the marketing mix object resulting from research.

INTRODUCTION

The phenomenal adoption rate of the Internet is creating abundant opportunities for business people and educators. There were 12.8 million Internet hosts in July 1996, a growth of 26.5 % in just six months (Network Wizards 1996). Similarly, 1996 estimates of US Internet users average 24 million: quite large for a medium which is only four years old (CyberAtlas 1996). In addition to Internet infrastructure companies and content providers, the rapid growth of this new communication medium presents a tremendous opportunity for Universities as well. Business employers have been critical that Universities do not emphasize skill based learning in the classroom (Lamb, Shipp, and Moncrief 1995). Internet training in University classrooms is an opportunity to add value to student graduates.

An increasing number of marketing professors are incorporating Internet training into their classes. There are syllabi for sixteen such classes listed on one Web page under the category, "Marketing: Information Highway" (Syllabits 1996). Obviously there are many others which are not contained in this list.

Internet training can be incorporated into a class at many different levels, from simple e-mailing to Web page developing. In an attempt to build a conceptual model which moves from the most basic to the most sophisticated incorporation of the Net, Carolyn Siegel (1996) proposed the following:

Stage 1: Communications. At this level, e-mail is used for communication among classroom participants, for observing or

chatting in news groups, and for subscribing to marketing lists. Access to the Web is not necessary at this stage.

Stage 2: Information Search/Retrieval. A higher level is to use the Net as an electronic library, searching for Web sites that provide secondary data or viewing home pages.

Stage 3: Competitive Intelligence. At this more sophisticated level, students complete a guided search for information about competitors in an area of interest.

Stage 4: Marketing Strategizing. This stage requires application of the previous two.

Stage 5: Offer Implementation. At this level, students develop Web pages after completing the strategizing needed to provide a valuable offer.

Most marketing professors are familiar with e-mail (Communications). As the levels build to Web page development (Offering Implementation), fewer are as capable. To further complicate Internet education, constantly changing technology quickly renders skills out-of-date. The books are not much help. While there are an increasing number of popular books about marketing online, textbook entries lag in number.

In a business school, one solution to these problems is to bring faculty from the management information systems department into the classroom to team teach and offer other assistance. At Central Connecticut State University,

the authors designed an interdisciplinary course entitled, "Marketing in Cyberspace," which incorporates Siegel's five stages, and is team taught by both marketing and management information systems faculty. This class has many distinguishing features that are presented as a case study in the remainder of this paper.

COURSE PHILOSOPHY AND METHOD

"Marketing in Cyberspace" is a unique combination of marketing and management information systems. From the marketing viewpoint, students explore Internet consumer characteristics and behavior and their effect on Web page content design. They also consider the Internet as a tool for marketing planning and as both a distribution channel and marketing communication medium (Siegel's stages 3-5). From the MIS perspective, students examine the technical issues involved in locating and retrieving information from Cyberspace, explore database theory, and discuss changing hardware and software technology effecting future scenarios for Net development.

The entire class is available online, thus removing space and time constraints: one of the Internet's prime advantages. Students meet in a computer lab during scheduled times, and communicate with each other and the faculty via e-mail when the class is not meeting. The course syllabus, readings, and all activities reside on the School of Business Web server. Students access these materials during class and at any other time. Interestingly, attendance in this class is not diminished by course material availability online - in fact, attendance is usually quite high.

Active learning is an important feature of this class. When students are participants in the learning process, learning is enhanced (Brightman 1996). A typical class session consists of a mini lecture, an experiential group exercise, and reports on findings to the rest of the class. The exercises direct students to discover information on the Web that aids in marketing planning. Students download exercises from the Web server, open them in Microsoft Word, type in their answers and print the document. This procedure serves to improve student computer skills. Students work in teams to enhance learning: teams consist of one MIS student and one marketing student.

The class uses three methods for evaluating student learning. First is a mid-term exam. Part one covers the Internet as a marketing tool. Part two is a search exercise taken directly on the Net. Second is a research paper that involves synthesis and evaluation on a topic related to marketing on the Internet. Finally, students author a personal Web page using the Internet Assistant plug-in to Microsoft Word. This software was selected because it is free, and because the authors believe that it is no longer necessary to teach HTML in the business school. The best student papers and all Web pages reside on the Web server as examples for future classes.

THE WEB SERVER AS WATER COOLER

The current reliance on printed materials and the post office is a roadblock to information sharing (Watson 1994). According to Watson the Internet provides a new intellectual infrastructure that facilitates collaboration of ideas and creative work. Many faculty collaborate on research projects over the Net via e-mail without regard to time or distance. Similarly, many also encourage students to correspond by e-mail and thus minimize telephone tag.

In this class, students and faculty gather around the office Web server for creative collaboration: virtually, of course. The authors developed the course materials in a different location from the Web server, sometimes from the office, sometimes from home, but always via the Web server. Using access codes, we were able to bring the server's desktop directly onto our own computers and make changes to files. A typical day goes like this: One professor accesses the server and writes a piece on Net users for students to read the following week, placing it on the server hard drive, but not linking it to the course home page. She e-mails the MIS faculty with a message to review the new file. He looks at the Net user text, makes a few changes, and adds a link from the course home page. During the next hour an e-mail message arrives from a student who has suggestions for changing one part of an exercise to make it clearer. One professor logs on and fixes it to aid others who have not completed the exercise. Later in the day an e-mail list of jokes arrives from a student about customer service calls to a computer company. It seems humorous and is related to class, so it is

saved on the server and linked to the course syllabus. Readings and Web links have also been added based on student input.

In these activities, faculty are truly collaborating with students and each other in Cyberspace. The product grows and improves based on everyone's creative input. It is interesting to note that the class also receives feedback from off campus Net users. Recently the authors received an e-mail from the Director of Internet Marketing at the local telephone company. He was surfing the Web and found the student Web pages from a previous semester. He wondered if our University had any students who would like jobs. We forwarded his e-mail, which referenced the company's Web site, to all students and invited him to speak to the class in person.

There are a couple of disadvantages to this way of working. A lot of time is spent on the computers and the Net. Also, one student asked during the recent exam, "why did the information on the Web pages change while I was studying?" A continuous improvement methodology involves changing all aspects of the course, including parts of the syllabus, as the course progresses.

COURSE CONTENT

Academics and business practitioners are currently developing definitions of the Internet and how marketers can use it. It is tough to define a moving target. Hoffman, Novak and Chatterjee (1996) suggest the Web is "distribution channel, medium for marketing communications, and a market in and of itself" (p. 5). Building a view of Web marketing from the scholarly and popular literature, and using Siegel's model as a springboard, we offer a second draft conceptual model for integrating the Internet into the marketing classroom. It is called Tool And Object (TAO).

TOOL

Communication

Text-based Communication. One-to-one e-mail communication, either among classroom participants or to organizations on the Net. E-mail conferencing via news groups and mailing lists.

Research

Primary and Secondary Data Retrieval.

Students evaluate the quality of primary and secondary data collected on the Net. Use of the Net as an electronic library, searching for Web sites that provide relevant secondary data or viewing corporate sites. Students learn to use the Web search engines effectively and efficiently and become familiar with important sources of information on the Web (e.g., US Census site). Students observe news group discussion about products, evaluate a Web site that requests registration, and send e-mail questionnaires.

Information Analysis for Marketing Strategizing. After gaining search skills, students conduct directed research to solve marketing mix problems.

OBJECT

Distribution Channel

Online Storefront. Students explore online retail storefronts.

Product Distribution. Students explore distribution of product online by downloading software or articles from an online publication.

Communication Medium

Advertising. Students evaluate the Web as an advertising medium.

Public Relations. Students experience special events online, read press releases, and consider the Web for customer relations.

Sales Promotions. Students view sites which sample software and other products, and print online coupons.

Product

Offer Implementation. Students develop Web pages after thoughtful evaluation of Web user characteristics and behavior. Students prepare marketing plans that describe selected target markets and competitive entries. The emphasis is on planning and site content rather than design, using knowledge of Web offerings to create pages that add value.

In "Marketing in Cyberspace," the entire TAO model has been incorporated. The first few weeks are spent introducing students to the Internet, getting them up to speed on e-mail and giving them powerful search strategies using Web search engines. Students sent e-mail messages to the faculty resulting in a list of the class's e-mail addresses on the Web server. Students developed search skills by focusing on secondary data collection of marketing related information. They visited the US Census and American Demographics Magazine, both to evaluate the college student market for automobiles. They also had the opportunity to download Connecticut population data, open it in a spreadsheet, and manipulate it for marketing purposes.

Students then examined the Net for primary data collection. In this part they registered at HotWired magazine's Web site and discussed the purpose and use of these data, and observed consumer conversation related to the Honda CRV in news groups. This was quickly followed by debates on the ethical concerns of privacy and intellectual property. Next students investigated Internet audience characteristics and behavior, visiting Web sites with online survey results, and then built a profile of Net users.

Armed with these skills and data, students proceeded to marketing strategizing. In the product area, they created a new domain name for their future Web page and searched to see if it was available. The discussion centered on product naming as it relates to branding. Then students experienced the Web as distribution channel, shopping online and learning about direct distribution online through publication and software sites. Next students explored the Net as promotion medium, evaluating Web advertising types and prices, entering sweepstakes, viewing online public relations events (e.g., Microsoft Windows 95 online anniversary party), and discussing databases and e-mailings to lists. Following Hoffman, Novak and Chatterjee (1996), the class content emphasized the Web as distribution channel and promotion medium, spending more of the course on these marketing mix elements. Finally, students explored pricing in the airline industry, using the Travelocity site to find low fares.

During the final three weeks of class, students developed personal Web sites. Prior

to working on the pages, however, they wrote very brief marketing plans. In these plans they described the site target market, objective, appeal, outlined the content, showing pages and links, and gave rationale for how the site added value to the Web. Students presented their pages to the class and they were displayed on the School of Business Web server.

COURSE EVALUATION

The Internet is an exciting topic and three consecutive offerings of "Marketing in Cyberspace" have been fully subscribed with long waiting lists. Student enthusiasm and motivation are high. This is both because there are jobs in this area, and because the Internet is glamorous and fun.

Flexibility is a key factor when using the Internet in a class. The authors have prepared an exercise on the weekend only to find that the object Web site had changed overnight, making class instructions obsolete. There is always a solution, however, and often it comes from a computer-savvy student. Sometimes in class a student will locate a Web site that provides better information than the one in the exercise, and the class takes a different direction for a short while. This discovery learning is part of what makes the classroom exciting and faculty can learn a lot from the students. It is as if faculty and students build something great together. Another problem is the slow speed of the Internet. During class the students sometimes have to skip an exercise because they cannot enter a site, or because a Web server is down.

There are several advantages to having course materials on a Web server. First, the lack of time and distance constraints means that students can help themselves to information from missed classes at any time. Second, students can work at their own pace through class exercises. If one does not finish during class time, (s)he can easily do so in a campus computer lab, or from home with the right connection. Conversely, quicker students often peruse materials for future classes, sometimes e-mailing the authors with suggestions for improvement. Finally it is easy to make changes immediately after a class to improve the course for the next semester.

CONCLUSION

The Internet is an interesting and valuable new tool for marketing managers. Like a library, it is a rich source of secondary data. It is also part of the marketing mix: distribution channel, electronic storefront, product, and marketing communication medium. Internet training can be integrated into marketing classes at two different levels: as research and communication tool, or as the marketing mix object of research. Internet growth provides a huge opportunity for marketing educators. If we can help students gain Internet skills, Schools of Business will provide value to business employers in an important skill area.

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AN EXPLORATORY STUDY OF THE IMPACT OF COMPUTER KNOWLEDGE AND INVOLVEMENT ON STUDENTS' ATTITUDE TOWARD THE USE OF THE WEB IN THE CLASSROOM AND ITS FREQUENCY OF USE

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ABSTRACT

This paper investigates the impact of computer knowledge and involvement on students' attitude toward the use of the Web in a classroom setting as well as its current and anticipated frequency of use by students. Results suggest that both prior computer knowledge

and computer involvement have an impact on students' attitude toward Web-based classroom applications. Implications for marketing educators are discussed and further research suggestions are offered.

INTRODUCTION AND BACKGROUND

The rapid advancement of technology in the last few years has led to a number of studies investigating its educational effect in the marketing curriculum (Burns and Golen 1983; McIntyre and Munson 1986; Morris and Byers 1988; Wilson and Daubek 1992). Such studies indicate that as students within both traditional and "virtual" settings make greater use of the interactive powers of computers, the boundaries between traditional education and what may be labeled as "distance" education are becoming blurred (Wellburn 1996). However, other studies (Peck and Dorricott 1994; D'Ignazio 1993) have argued that education has not turned to technology to the same degree as has the business community, and has not evaluated the impact of technology in a very systematic manner (Hodas 1993; Kerr 1991). Swan and Mitrani (1993) find that there is still some controversy regarding an appropriate metric for measuring the impact of technology on education. Moreover, the tremendous growth of the Internet and the World Wide Web during the last two to three years has presented a new challenge of training teachers to use Internet tools, to find Internet resources and then to integrate these into classroom practice.

The use of interactive communication technology in a classroom setting is not an easy task. There are many obstacles to the process and the introduction of such changes is often

met with disinterest if not actual resistance from both faculty and students. Regardless of the many shortcomings of this new technology and the many difficulties in its implementation, steps need to be taken to understand how to best design our courses to take advantage of the myriad of possibilities it offers. After all, if one of the goals of marketing education is to properly prepare marketing students for their future careers, then the dissemination of knowledge regarding information technologies such as the World Wide Web should be widely adopted in both classroom instruction and application. According to Rogers, Williams, and McLeod (1990), proficiency with the basic computer tools would only come with application.

The Internet promises to change commerce as we know it. Companies are already beginning to sell cars to groceries, and just about everything in between, on-line. Additionally, more and more investors are trading stock on the Internet, banks are promoting banking on the Internet, and companies are beginning to change their internal structures in order to blaze trails of success on the Internet (McGarvey 1996). While businesses strive to use the "Net" for commercial purposes, educators must scramble to ensure that traditional education in disciplines such as marketing and accounting do not become passé in short order. Bombarded with the criticism that modern day business education increasingly fails tests of relevance and currency, educators are begin-

ning to seek ways to incorporate the Internet and the World Wide Web into their course curricula. However, this, in turn, presents its own brand of hurdles. The reality remains that the Internet is becoming more of a staple in our society and its adoption by most faculty is not far behind. Yet, faculty are somewhat apprehensive in readily adopting the Internet and the technology that comes along with it because of uncertainty regarding students' reactions to this new medium of communication.

This study offers an exploratory investigation of the use of the Internet and Web technology in the classroom in two business courses: a Principles of Marketing course and an Accounting Information Systems course. The main thrust of our study was to examine the impact of computer knowledge and computer involvement on students' attitudes toward the use of the Web in the classroom. Specifically, we examined whether novice (low computer knowledge group) students exhibited different attitudes toward the use of the Web in classroom instruction than knowledgeable individuals. Similarly, we investigated the impact of computer involvement (high vs. low) on the attitude toward the use of the Web in classroom instruction. Computer involvement is concerned with an individual's normative importance and commitment to computers and computer technology (cf. Lastovicka and Gardner 1979). Our intention was to explore the possibility that different levels of computer knowledge and involvement (low vs. high) may influence students' attitude toward the use of the Web in the classroom, which may in turn affect student performance accordingly. Although extremely important, the present study does not examine the issue of student class performance in this context. We were also interested in ascertaining whether different levels of computer knowledge and/or involvement would have an impact on the frequency of use of the Web by students.

METHOD

Sample

Participants were 65 undergraduate and graduate students at a southwestern university who participated in the study as part of their course requirement for upper level marketing and accounting courses. Of the 65 respondents, 41 (63.1 percent) were female and 24

(36.9 percent) were male. The majority of the respondents (53 percent) were majoring in accounting, while the remaining 47 percent were approximately equally divided into majors which included marketing, management, information sciences, economics, and finance. Also, approximately 90 percent of the respondents were of either junior or senior status. Graduate students represented only 8 percent of the sample. Overall, 65 percent of the respondents were Hispanic Americans, while the remaining 35 percent were primarily Caucasians. This ratio approximates the actual population proportion for this area (70 percent Hispanics and 30 percent Caucasians). The majority of the respondents were full-time students (82 percent) and 58 percent reported either a part-time or full-time employment status. Approximately 73 percent were in the 18-25 age group and 20 percent belonged in the 26-35 age group.

Survey Instruments and Procedure

Two survey instruments were constructed for this research. The first instrument, heretofore Stage 1 instrument, was administered on the first day of classes during the Spring 1996 semester. The second instrument, heretofore Stage 2 instrument, was administered on the last day of classes during the same semester. Each instrument required approximately 15 minutes to complete.

The instrument for Stage 1 consisted of three main parts. Initially, respondents were asked to indicate their opinions on several items designed to measure objective computer knowledge. The procedure was similar to the one used by Rao and Monroe (1988). The objective knowledge scale comprised twelve objective knowledge-based questions that assessed the respondents' knowledge of technical computer terms, brand names, store names, and overall usage situations. For example, respondents were asked to indicate which software programs they frequently use, to indicate whether it is always true that a computer running on a 100 MHz processor is faster than one running on a 75 MHz processor, and to select the best computer they could buy with a fixed amount of \$2,500 from the descriptions of four computers provided to them. All questions were developed with the help of instructors teaching introductory business computing classes and

the responses were also rated based on their input.

Following these questions, survey participants were asked to indicate how much they agreed (1-Strongly Disagree to 7-Strongly Agree) with each of 22 statements designed to assess their overall level of involvement with computers (cf. Lastovicka and Gardner 1979). The Cronbach's alpha for the involvement scale was .92. The instrument for stage 1 concluded with demographic questions as described earlier in our sample profile.

On the last day of classes during the same semester, students were again asked to complete the survey instrument for Stage 2 that contained two parts. Specifically, students were asked to indicate their opinions on seven semantic differential scales designed to measure their attitude toward the use of the Web in courses (useful-useless, bad-good, favorable-unfavorable, pleasant-unpleasant, waste of time-wise use of time, worthless-valuable, satisfactory-unsatisfactory). Additionally, eight other seven-point Likert-type scales (1-Strongly Disagree to 7-Strongly Agree) were used to assess attitude toward the use of the Web in the classroom (e.g., "I would like to see all of my courses use the World Wide Web," "I use the Web to do research for assignments and papers," "I think that using the WWW is a big hassle for students"). For the purpose of this study, we used the sum of all 15 items to describe attitude toward the use of the Web in the classroom. The Cronbach's alpha for this 15-component measure of attitude was .94.

The second part of the instrument included questions regarding current and anticipated Web usage. Survey participants were asked to indicate how often they used the Web for their courses during the semester (1-Less than once a month to 7-Every Day). They also responded to questions regarding the ease of accessing the Web (1-Very Difficult to 7-Very Easy) and whether they only accessed it when their instructor urged them to do so (1-Strongly Agree to 7-Strongly Disagree). Additionally, they were asked to indicate how often they communicated via E-mail with their instructors on a seven point Likert-type scale (1-Never to 7-Frequently). Finally, students provided information regarding their use of the Web and E-mail in the future on two seven-point Likert-type scales (1-Strongly Disagree to 7-Strongly

Agree). Again, data analysis was performed on the sum of all usage measures described above. The Cronbach's alpha for the Web usage measure was .87.

Course Procedures

As discussed earlier, the survey was administered to students in a Principles of Marketing class and an Accounting Information Systems class. While the content of the courses was different, the instructors of both courses designed, implemented, and maintained similar class home pages. Each home page allowed students to access an on-line syllabus, class announcements, and updated grades. Additionally, each instructor posted assignments and other relevant class material on his/her own class home page. Students from both classes were encouraged to access their respective class home page throughout the semester. They were also required to obtain an E-mail account during the first week of classes for the semester. E-mail was used by instructors to communicate with students during the semester regarding individual grades, new home page sections, and provide special advice before major exams. Every effort was made to simulate an on-line experience that did not vary across classes.

RESULTS

The results were analyzed using a two-way multivariate analysis of variance (MANOVA). Two measures of interest (attitude toward the use of the Web in the classroom and Web usage) were analyzed simultaneously as a function of computer knowledge (high, low) and computer involvement (high, low). Subjects were classified into either a "high" or "low" computer knowledge group and either a "high" or "low" computer involvement group using a median split procedure (i.e., grouping as close as possible at the mid-point of the distribution of responses) based on their responses to the computer knowledge and computer involvement items. According to the MANOVA results, respondents in the "high" computer knowledge group provided different responses to the attitude and usage measures than respondents in the "low" knowledge group (Wilks' $\Lambda = .826$; $p < .01$). Similarly, survey participants in the "high" computer involvement group provided different evaluations on the attitude and usage measures than participants in the "low" involve-

ment group (Wilks' $\Lambda = .915$; $p < .07$), although the results did not reach conventional levels of significance.

To further clarify the nature of the results, we performed supplementary analyses for each dependent variable of interest. The univariate analyses confirmed the earlier MANOVA results and also provided better insight regarding the source of the differences in the responses. Specifically, subjects in the "low" computer knowledge group responded similarly with regard to attitude toward the use of the Web in the classroom as subjects in the "high" knowledge group ($M = 82.78$ vs. 81.52 ; $F(1,64) = 1.59$, *NS*). However, participants classified as either "high" or "low" with regard to their computer knowledge provided significantly different responses to the Web usage measure. "High knowledge" respondents indicated that they used the Web more frequently ($M = 44.24$) than "low knowledge" respondents ($M = 38.09$; $F(1,64) = 7.11$, $p < .01$, $\eta^2 = .10$).

Univariate analysis driven by computer involvement provided a similarly mixed picture regarding the dependent variables. Relative to participants in the "low" computer involvement group those in the "high" involvement group provided a more favorable attitude toward the use of the Web in classroom instruction ($M_{low} = 79.56$ vs. $M_{high} = 84.64$; $F(1, 64) = 5.64$, $p < .02$, $\eta^2 = .09$). In contrast, high and low involvement respondents provided similar responses regarding the Web usage measure ($M_{low} = 39.41$ vs. $M_{high} = 42.96$; $F(1,64) = .69$, *NS*).

Data analysis was further performed to investigate possible differences that could be attributed to key demographic variables such as gender, class standing, and major. Additionally, we examined the possibility of differences in responses between classes. No apparent differences were detected in any of the demographic variables of interest.

DISCUSSION AND CONCLUSIONS

The unprecedented growth of the World Wide Web has caught the marketing discipline by surprise. While any casual observer of this phenomenon can see some of its commercial applications, its educational relevance has yet to be discovered and studied. Applying the

Web in classroom instruction is not an arduous task given the universal accessibility afforded by most major colleges and universities in the U.S. Nonetheless, there is little information regarding the impact of the use of such technology on students and the alternative methods used in its implementation. Moreover, it is still unclear whether students' differing computer knowledge and involvement would have an impact on the success of such technology in the classroom. Our exploratory study attempted to partially address the latter issue.

The results suggest that students would perceive the relative favorability of Web application in instruction based on their level of computer knowledge and involvement. This, in turn, suggests that successful implementation of the Web for class purposes may hinge on factors beyond the instructor's direct control. Therefore, action may be necessary to address this issue early in a student's college education. Perhaps, actions taken by instructors to advance computer knowledge as well as initiate higher levels of computer involvement may enhance the probability of success of Web-based class applications. For example, in a Principles of Marketing class the instructor may choose to incorporate assignments and/or projects dealing with the Web and computers far and beyond their incidental mention during lectures.

Certainly, the findings reported here should be viewed within their limitations. First, the small sample size may hinder the validity of the findings regarding the population of interest as a whole. Second, the relevance of the findings to other classroom settings should further be examined. Also, the fact that data were collected from both a marketing and an accounting class may somewhat limit the extension of our findings to other marketing classes. Nonetheless, no differences in the responses were observed between the two classes. Finally, we did not investigate such issues as attitude toward the Web and/or the Internet to see whether these more global Web attitude measures would have an impact on attitude toward the use of the Web in the classroom. Additionally, the present study did not include any outcome measures such as class success and course evaluations. Future research needs to address the aforementioned issues.

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THE USE AND EFFECTIVENESS OF E-MAIL AS A METHOD OF COMMUNICATION IN MARKETING EDUCATION

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ABSTRACT

This paper describes an empirical study which analyzes the use and effectiveness of e-mail as a method of communication between professor and student in marketing education. A survey on e-mail usage and perceptions was administered to 125 marketing students. Findings indicate fairly high student use of

e-mail, yet low levels of usage of e-mail as a medium to communicate with college educators. Given the potential benefits of this new form of written communication, further study into both marketing educators' and students' perceptions is recommended.

INTRODUCTION

Business schools have been criticized by U.S. business for failing to prepare students for the complex, ever-changing world of commerce. The American Assembly of Collegiate Schools of Business often claims that business schools are not providing the skills essential for today's college graduates. The recent focus on business education has been on quantitative and technical skills, while interpersonal and communication skills have received less attention (1994). Business literature supports the contention that companies want graduates with excellent communications skills. The literature also suggests that business educators need to expand their conception of useful classroom writing beyond traditional formal reports, typical "transactional" writing, to extend to other types of informal writing such as "expressive" writing (Hansen and Hansen 1995). Transactional writing used to "get things done" and expressive writing used to "express thoughts" are both critical forms of written communication used in today's business world. Business graduates must possess both sets of skills.

The focus of this research is to explore the use and effectiveness of e-mail (electronic mail) as a current method of communication in marketing education. E-mail could fall into the category of either transactional or expressive writing. Although e-mail is more frequently categorized as informal writing, it could also be considered formal communications under certain circumstances.

Marketing literature suggest that educators need to give students more varied opportunities to write (Hansen and Hansen 1995). Since e-mail is an emerging writing option, its use has received little attention in the marketing literature. E-mail can be used in marketing education as a valuable tool for discovery and an aid to learning in addition to more formal written assignments. Some of the more apparent benefits of informal writing such as e-mail are: (1) it encourages active student participation in the learning process, (2) it helps some students overcome their natural aversion to writing, (3) it helps establish better communication channels between professor and student and student to student, (4) it does not consume excessive classroom time, and (5) it provides a bridge to more formal student writing assignments, (Hansen & Hansen 1995).

As the trend in marketing education has moved toward more active, participatory, experiential methods of learning and less emphasis is given to the traditional, passive educational paradigm or "knowledge transfer" model, further research is needed on effective experiential learning techniques. This study will examine the uses, benefits and problems with e-mail as a method of communication between marketing educator and student.

Specifically, this paper presents:

1. A summary of relevant literature related to an analysis of e-mail use.

2. Methodology of an empirical study on the use and effectiveness of e-mail as a method of communication between marketing educators and students.
3. Results indicating student perceptions of the use of e-mail.
4. Directions for future research on the use of e-mail in marketing education.

5. The total amount of e-mail communication should be large enough to satisfy the user.

These criteria would certainly be important for students in communicating with their professors by e-mail. On many college campuses today, all students have access to e-mail. Yet the inconvenience of having to go to a computer lab restricts more frequent use of this new technology.

AN ANALYSIS OF E-MAIL USE

E-Mail (electronic mail) is defined as "sending text messages from one computer to another" (Fatah 1994). Many people in business believe that the most popular, useful and even addictive on-line activity today is e-mail. The electronic mail association suggests that e-mail is becoming the dominant form of business communication today (Angell and Heslop 1994). Although the number of e-mail users is increasing daily, it is estimated that currently there are 30 million e-mail users in the United States. A number of estimates point to 85 million users by the year 2000 (Fatah 1994). Approximately ten percent of the users of e-mail are based in homes (Robinson 1992).

The simplicity of e-mail has contributed to its tremendous growth in the business, academic and home environments. E-mail has the permanence and precision of letters and the immediacy of the telephone (Robinson 1992). It is changing the patterns of communications in all aspects of society "so that people communicate with different people more often and about other subjects." (Palme 1995).

Several criteria are important to the success of e-mail in any environment (Palme 1995):

1. E-mail users must be accustomed to using a computer.
2. Users must have a computer at their workplace and not have to go to another area to use e-mail.
3. People who users want to communicate with should be active e-mail users.
4. Users must feel a real need to communicate with people they can reach through e-mail.

METHODOLOGY

To evaluate the utilization of e-mail by undergraduate students on a large urban commuter campus, pretest questionnaires were administered to 19 marketing students at the beginning of two marketing class periods. This pretest work helped to identify the relevant experiences, attributes and scaling data to be used on the final descriptive survey.

The final survey was administered to 125 undergraduate marketing students in five different marketing courses. The sample included 64 men and 61 women with a median age range of 21-25 years which matched the gender and age demographics of the school. A large majority of the student respondents (95%) had either junior or senior level standing at the college.

Students in the undergraduate courses were asked to evaluate a number of e-mail usage and attribute questions on the final survey. Students were first asked some general questions on their overall experience with e-mail and their accessibility to the technology. It should be noted that all students at this urban campus automatically have an e-mail account established on the school's computer system upon completion of their registration. Students can access this e-mail account through a number of on-campus computer labs. They were then queried about the frequency and purpose of their e-mail communications.

The students were questioned about their attitudes and opinions concerning their usage of e-mail. The marketing students were then asked about their experiences of communicating with their professors using e-mail technology. The students were asked to evaluate their own computer proficiency and comfort levels. Finally

the marketing students were asked to complete a number of demographic questions on the questionnaire.

RESULTS

Personal Computer Usage

Overall the majority (63%) of students use personal computers five or more times per week. A large majority (95%) of the marketing undergraduate students use a personal computer at least once or twice a week. When rating their own personal computer competency levels, most students (83%) consider themselves to be either competent or proficient. This confidence level was further explored with specific skills required when working with personal computers. On a standard five point Likert scale, with five denoting strong agreement and one strong disagreement, the marketing students mean self-rating for their computer skill levels were as follows: working on a personal computer (4.6), using a variety of software programs (3.7), copying a disk (3.7), adding new software programs (3.4) and using computer terminology (3.3).

Computer Accessibility

On the accessibility of computers with e-mail capability, the outstanding majority (92%) of the marketing students were aware that they had an e-mail address at the college. In addition, a substantial number (43%) had e-mail access at work and (47%) had e-mail access via a home computer. A smaller percentage (14%) stated that they had access at all three locations.

E-Mail Usage

Regarding usage rates, most marketing students (56%) stated that they send an e-mail message once a month or less, while a small segment (25%) use e-mail two or more times per week. A surprising number of the marketing students (68%) responded that they had sent an e-mail message to a professor at least once. On the purpose of their overall e-mail communications, the most cited percentages were: personal (28.4%), professor communications (19.9%) and business (16.6%).

Perceptions Toward E-Mail

The questionnaire explored the marketing student's attitudes and opinions toward e-mail usage (See [Table 1](#)). On a standard five point Likert scale, with five denoting strong agreement and one strong disagreement, the students were asked about their perceptions of e-mail as a communications medium. Their mean responses were as follows: using e-mail is frustrating (2.3), e-mail causes fewer concerns about grammar and spelling (2.6), students prefer to send e-mail to using voice mail (2.9) and e-mail is convenient (4.0). For the socialization issues, the marketing students responded: my friends and family use e-mail (3.1) and my colleagues use e-mail (3.7).

Student/Professor Communication Using E-Mail

When the marketing students were asked about how they would communicate a simple question to a professor, most students (57%) claimed they were "very likely" to stop by the office rather than send the professor an e-mail message (25%). A large number of students (42%) responded that they were "not likely at all" to send the simple question via e-mail message to a professor ([Table 2](#)).

Students were asked their perceptions regarding the percentage of professors that put their e-mail address on the syllabus and encourage e-mail communication. The marketing students reported a mean 37.4% of professors place their e-mail address on the syllabus and 23.2% have encouraged students to use e-mail within the past two years.

CONCLUSIONS/DIRECTION FOR FUTURE RESEARCH

E-mail usage is a rapidly growing communications medium. As compared to prior survey data reporting that 10% of e-mail users are in the home (Robinson 1992), findings from this study indicate that amongst the marketing student population on an urban campus 47% reported using home e-mail.

When fitting data from this study to Palme's (1995) e-mail usage model, the

TABLE 1
Mean Values for Marketing Student Perceptions of E-Mail Attributes

Likert scale where 5 = Strongly Agree; 4 = Somewhat Agree;
 3 = Neither Agree or Disagree; 2 = Somewhat Disagree;
 1 = Strongly Disagree

General Attributes		Mean Value
1.	Using e-main is frustrating	2.28
2.	I am <u>less</u> concerned with grammar and spelling when using e-mail	2.64
3.	I prefer sending e-main to voice mail	2.93
4.	E-mail is convenient	4.02
Socialization Issues		
5.	Many colleagues of mine use e-mail	3.65
6.	My friends and family use e-mail	3.10

TABLE 2
Preferred Communication Medium with a Professor (% Respondents)

	Very likely	Somewhat likely	Not at all likely
1. Call by phone	41	39	20
2. Stop by office	57	37	6
3. Send e-mail	25	33	42

findings confirmed that most students are very accustomed to using a computer. The majority also have easy access at either their workplace or at home. However, the findings indicate that professors in general are not viewed as active e-mail users. As such, our results indicate that professors could do more to support and encourage overall e-mail communications.

As a form of written communication, most students believe that e-mail is a convenient medium. Although overall frustration levels are relatively low with student usage of e-mail, they do not perceive e-mail to be the medium of choice when communicating with college professors. Student responses to open-ended survey questions about the benefits of e-mail communications focused on the speed and convenience attributes. The respondents mentioned e-mail's perceived reliability as an area of concern.

Future research on the use of e-mail in marketing education could include analysis of college educators' attitudes and perceptions.

An analysis of college professors' perceptions toward the establishment of better communications amongst the campus community may help identify a reason for the students' perceived low levels of professor encouragement on the usage of e-mail technology. Future studies could also help isolate specific demographic and student academic variables that may point toward increased e-mail usage.

In conclusion, e-mail is a communications medium which has had some use as an educational tool. Given the potential benefits of e-mail both as a communication medium and a bridging vehicle to other writing assignments, the promotion of its use should receive higher priority within the overall college campus community.

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CUSTOMER SATISFACTION WITH PERSONAL SERVICE AND THE SERVICE SETTING

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ABSTRACT

This paper develops a *Customer Satisfaction Survey* instrument to help organizations measure satisfaction with their service. An eight stage process was used to develop the instrument. Following pilot studies, a preliminary instrument of 25 items was administered to customers of a variety of business firms and government agencies providing service to their customers or clients. After item purification, a further instrument was developed consisting of 18 items. Then, following additional analysis and further purification, it was possible to arrive at a final version of the *Customer Satisfaction Survey*, based on two factors: *Satisfaction with the Personal Service* (SatPers) and *Satisfaction with the Service Setting* (SatSett). The SatPers scale included five statements, concerning provider courtesy, competence, and treatment, among others. The SatSett scale included four statements concerning customer feelings of personal security and the cleanliness of the service setting, among others. In addition, customers rated their the service in terms of its overall quality.

This final version was administered to customers of 13 organizations, drawn from the public and private sectors. The private sector

included 1,246 customers of a bank, a bowling alley, two book stores, two horse racing tracks, and two cruise line ships; the public sector included 1,746 clients of two college cafeterias, one university library, and two urban mass transit systems. Cronbach's α reliability was .89 for SatPers and .75 for SatSett. Each scale correlated well with a total overall estimate of quality, with the Pearson validity r of .77 for SatPers and .65 for SatSett.

The two highest mean ratings for personal service satisfaction were expressed by customers of banks and cruise lines; the two highest mean ratings for satisfaction with the service setting were expressed by customers of cruise lines and book stores. The lowest SatPers ratings were recorded for the library customers; the lowest SatSett ratings were recorded for rapid transit customers.

Since the instrument consists of generic scales of customer satisfaction across both public and private organizations, benchmarks of customer service satisfaction both within and among industries can be established. For instance, the scale could be used by an organization internally, to identify organizational strengths and weaknesses.

MARKETING RESEARCH FIRM PERFORMANCE AND ANTECEDENTS TO CLIENT SATISFACTION

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ABSTRACT

In today's competitive environment, smart marketing research firms track their clients' satisfaction. Previous research indicates that marketing research clients are concerned with a research provider's performance in four critical areas: product quality, service quality, cost management, and timeliness. A survey of 155 large marketing research clients suggested that these clients perceived product quality as most important in accomplishing their research objectives, followed in order by service quality, cost, and timeliness. Product quality was also most influential in explaining the client's overall level of satisfaction with its research supplier. These marketing research clients reported a generally high overall level of satisfaction with their

primary research provider although two areas emerged as potentially troublesome. Less than half of the clients were completely satisfied with the ability of their primary research supplier to "save them money" or to provide them with a "useful analysis." The authors suggest that future research should look more in depth at the client's definition of "useful analysis" and the client's expectations regarding the research firm's ability to "save them money." A research provider that is capable of improving performance in these two areas may be able to create a perceivable competitive advantage that could lead to increased client satisfaction and improved customer loyalty.

HEALTH CARE QUALITY AND SATISFACTION: THE CHALLENGE OF EVALUATION PROCESSES AND THE CREDENCE GAP

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ABSTRACT

In this paper the current quality and satisfaction models currently in use in health care marketing with emphasis on the "credence" gap are evaluated. The objective is to propose the

addition of using nurse evaluation of treatment protocol adequacy into the overall evaluation of health care quality and satisfaction.

INTRODUCTION

The purposes of this paper are (1) to evaluate current quality and satisfaction models currently in use in health care marketing with emphasis on the "credence" gap, (2) to encourage more emphasis on evaluating the process of health care provision, and (3) to propose the addition of using nurse evaluation of treatment protocol adequacy into the overall evaluation of health care quality and satisfaction.

QUALITY AND SATISFACTION MODELS

Health care quality and satisfaction measurement has been of ever increasing interest as the US health care industry has had to cope with increasing costs and calls for cost control. On the management side, structural changes have been made in hospital value chains including strategic alliances, inventory control, and modern procurement techniques. Under old fee-for-service indemnity health insurance plans, physicians determined health care treatment plans and insurance companies or state medical programs simply paid. Numerous studies of health care quality and customer satisfaction have focused on increasing the service levels of delivery of care. Quality, a difficult to measure variable, is one that patients must take on trust. Many patients have perceived assurance of *standard of practice* was in fact what was typically delivered and was the norm in U.S. health care industry. However, as costs increased with advances in medical protocols and other factors, pressure was applied by insurance companies and the employers who paid the premiums to control costs. Thus, access to medical care and treatment allowance has been curtailed to a point where effective-

ness has been compromised by a drive for "efficiency." The drive for efficiency has been *at issue*. Cutting "waste" has resulted in reduction in care in terms including more limited access to care, longer delays in obtaining appointments, and denial of expensive treatments and prescription drug often whether or not lower cost options are efficacious or even available.

The drive for efficiency has not been without a backlash. At a minimum, Human Resources Managers have been coping with increasing employee resentment of being herded into HMOs where health care is considered substandard (Cotton 1996). Avoidable tragedies such as increased infant mortality rates due to very early discharge (in some HMOs just eight hours after birth) have prompted Congress to pass legislation requiring insurers to pay for a minimum 48 hour hospital stays for mothers and newborns. The State of California has two health care initiatives on the fall 1996 ballot to prohibit "gag rules" which prohibit health care providers of informing patients of procedures not covered by the insurance companies. The initiatives also would prohibit financial incentives to physicians to withhold care, set minimum health care staff levels, and require second opinions for patients denied treatment.

As evidenced by the legal changes, the structural and institutional changes have resulted in a change from doing "everything possible" for the patient, to doing only what is *necessary* where necessary is defined not by the physicians but by the HMO management. Many patient groups are becoming politically active as a *caveat emptor* environment is

emerging. Health care marketers need to refocus quality assessments to include a more thorough evaluation of the medical treatment process than has been done through the two most popular models used in health care services marketing research.

The most popular model is the SERVQUAL model. The SERVQUAL model is a powerful model that is useful in a broad range of service types. The dimensions comprising the model include tangibles, reliability, responsiveness, assurance, and empathy (Bowers, Swan, and Koehler 1994).

Much has been written using variants of the SERVQUAL model to evaluate customer service (Parasuraman, Zeithaml, and Berry 1988; Peyrot, Cooper, and Schnapf 1993). The dimensions of the SERVQUAL model are important factors in assessing customer perceptions of satisfaction and quality but have limitations. The model is quite well suited to customer assessment of evidence of quality such as demeanor of health care providers and the acceptability of office decor/cleanliness and strong final outcomes such as if fertility treatment results in pregnancy, used by Lytle and Mokwa (1992). The service dimensions are well established to be important to the psychological evaluation of the patient. The SERVQUAL model contributed significantly to determining the importance of the factors to patients. Many additional SERVQUAL studies have established connections between satisfaction with these factors and repeat patronage.

The limitations of the models when used as a basis for customer research is rooted in the fact that most patients have difficulties in the evaluation of services that are high in credence qualities. As Zeithaml (p. 192, 1984) explains in her article on consumer evaluation of her placement of medical diagnosis services at the extreme point of evaluation difficulty because "services high in credence qualities [are the] most difficult to evaluate because the consumer may be unaware of or may lack sufficient knowledge to appraise whether the offerings satisfy given wants or needs even after consumption." What happens then is credence gap. Patients can only evaluate factors their lay backgrounds equip them to do; doctors face conflict of interest issues in self-evaluation and peer evaluation has traditionally been awkward. Even high customer satisfaction ratings do not

necessarily mean high quality care; it may simply mean high perceived customer service (Spragins 1996).

Researchers attempting to test customer satisfaction with diagnosis and treatment have had to limit operationalization of the constructs to simple measures appropriate to the lay knowledge level of most patients (Rutledge and Nascimento 1996). Even in evaluations concerned with consumer perceptions of the art of medical care focus on simple measures such as "Does the doctor give advice" (Mummalaneni and Gopalakrishna 1995). Some researchers have determined that more highly educated/higher income level patients have a higher degree of sophistication in evaluating health care quality as do patients with prior experience (John 1992).

There are factors that are related to differences in the ability to properly evaluate the quality of care. Strasser, Schweikhard, Welch, and Burge (1995) found that hospitalized patients tend to give higher ratings to their health care providers than the involved family and friends of the same patient set. While the relatives/friends had a less rich set of encounters with the hospital personnel, the gap here suggests to this author that the patients may have experienced a Hawthorn effect eliciting gratitude, which may account the elevated ratings. Cognitive dissonance theory suggests that dissatisfied patients may actually give inflated evaluations of satisfaction and quality as a way to manage cognitive dissonance when their health care provision choices turned out to be poor ones (John 1994).

Patient evaluation is also influenced by fear of retaliation. A study comparing telephone survey responses with mail survey responses found a wide disparity in satisfaction levels. In the analysis of the higher telephone survey responses, the authors speculated that fear of retaliation in the form poor future medical care cause the inflated ratings given in the telephone survey responses by encouraging acquiescence on the part of the patient to be more agreeable (Hall 1995).

From the literature on complaining behavior, it has been long established that only a small portion of dissatisfied customers complain even when they are cognizant of dissatisfaction. Consumers are more familiar with assessing the

quality of goods and services in which they possess expertise than hard to evaluate medical care. Dolinsky (1995) explored complaint intensity in health care and strongly encourages the solicitation of complaints as an important step in quality improvement.

The process variable needs to be reexamined. Due to efficiency driven measures, too many patients are finding themselves having to fight the system of arbitrary rules and gate-keeping to get appropriate care. There is also evidence that patients with justifiable complaints are not complaining for a number of reasons.

From the above studies identifying sources of evaluation distortion as well as the recognition of lack of expertise, it is clear that relying on patient input alone does not give a full picture of the true quality of care. Yet, without patient input, true customer satisfaction can be neither measured nor achieved. When physician responses to a survey were assessed and matched with a patient study, physicians routinely underestimated the importance of customer service variables to the patients (O'Connor, Shewchuk, and Carney 1994).

With the above analysis, some problems in health care satisfaction research have been identified. Multiple informants are necessary to determine the full picture. Physicians, who clearly can determine treatment outcomes, lack focus on service variables. Patients, as lay persons, may distort their evaluations. Family members may be harder yet to please but are still laypersons. Expertise is important because of increased barriers to receiving treatment and reductions in treatment.

Basic marketing research theory teaches the profession the value of querying key informants. Key informants have access to information and the ability to assess the information in an appropriate context. What has been lacking in marketing studies of quality and satisfaction is input from nurses. Nurses are in the unique position of typically having considerably greater patient contact than physicians have. They render a large portion of the actual care, especially in hospital or in patient settings. Because they carry out treatment protocols they are able to assess both quality and adequacy. They are also not in the position of the attending physician of having to self criticize

their own prescriptions. They can assess the new efficiency oriented protocols during the treatment period. From both ethical and case management perspectives, if a course of treatment is inadequate, it is better to determine this sooner than later.

The efficiency driven management style is now the norm for most health care providers. In the drive to reduce costs, efficiency (as a measure of resource utilization) appears to be out of balance with effectiveness (a measure of the quality of outcomes). Reductions of treatments have not been solely reductions of "waste." Although efficiencies have been realized controlling costs, some aspects of quality have suffered (Miller and Luft 1994). Without good process assessments, health care marketers point to customer satisfaction ratings as indicative of high quality only tell part of the picture both to patients and managers.

In conclusion, the author recommends using nurses as informants to help bridge the credence gap. The need for better quality assessment measures do not only benefit health care marketers concerned with promotional strategy. Useful quality assessments assist in product design, that is, in developing protocols, procedures, and pathways that achieve both efficiency and effectiveness benchmarks. Additionally, continued maintenance of high medical service quality will assist in continuing self-policing of the medical industry and discourage additional legislative compliance burdens.

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AN EXPLORATORY STUDY OF THE EFFECTS OF PROBLEM-SOLUTION VISUALS ON BRAND ATTITUDES: THE MODERATING EFFECT OF FAMILIARITY

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ABSTRACT

Attitude toward the ad (A_{AD}) appears to mediate the effects of many advertising executional elements on brand attitudes (A_B). However, under conditions of low processing levels some executional elements may directly affect A_B unmediated by A_{AD} . For example, a problem-solution appeal in a print ad, where the valence of the main visual is either negative (depicting the problem) or positive (solution), may produce such unmediated effects. This study examined the moderating effects of familiarity on the relationship between the valence of main visuals in print ads and A_B .

How the main visual influences A_B may depend upon consumers' level of processing--consumers' motivation, opportunity, and ability to process the advertisement and the information contained within it. When consumers' level of processing is low (moderately low motivation, limited opportunity to process, and low ability because of a lack of product category familiarity), consumers may not have or may not devote sufficient resources to distinguish A_{AD} from A_B . Thus, the positive outcome or solution depicted in the visual may lead to higher A_{AD} and, in turn, higher A_B than when the visual depicts the negative problem. Thus, we hypothesize that given such a low level of processing, the valence of the main visual in a print ad will have a positive effect on A_{AD} and a positive effect on A_B as mediated by A_{AD} . When consumers' level of processing is more moderate because of greater product category familiarity, prior knowledge can enter working memory, allowing interpretation of the information contained in salient cues provided by the ad (e.g., the visual). The consumer may interpret the negative cues provided by the visual as suggesting that the brand reduces these negative aspects of the problem, resulting in a direct effect in the opposite direction on

A_B . A brand should be more liked to the extent that it eliminates a more negative problem. Thus, given a more moderate level of processing, we hypothesize the valence of the main visual to have a direct negative effect on A_B unmediated by A_{AD} .

The valence of the main visual was manipulated using a typical problem-solution type appeal--depicting either the negative problem the brand could solve, or the positive solution the branded product provided. In addition, this study used a realistic and low level of motivation and opportunity, through task instructions and by embedding the ad for a fictitious brand of headache remedy in a dummy advertising vehicle with both editorial and other ad content. We used path analysis to examine both the direct effects of the visual and the effects of the visual mediated by A_{AD} on A_B . We measured subjects' (214 undergraduate students) product category familiarity (two items, $r = .79$), A_{AD} (five items, $\alpha = .74$), and A_B (five items, $\alpha = .84$).

We categorized subjects into high-familiarity and low-familiarity groups based on a median split. We used a three-variable path analysis for each group, estimated using ordinary least squares regression, treating the valence of the main visual (dummy-coded) as an exogenous variable with paths to both A_{AD} and A_B , and A_{AD} as an endogenous variable with a path to A_B . The valence of the main visual had a significant positive effect on A_{AD} for the high-familiarity group ($p < .05$) and a smaller and nonsignificant effect for the low-familiarity group of subjects. A_{AD} had a significant effect on A_B regardless of the familiarity ($p < .05$). The direct effect of the main visual was negative and significant given high familiarity ($p > .05$), but was nonsignificant given low

familiarity. This direct effect of the main visual was significantly more negative for the high-familiarity group than for the low-familiarity group ($p < .03$). None of the other effects (visual on A_{AD} or A_{AD} on A_B) differed significantly across the familiarity groups ($p > .05$).

Summarizing, the main visual had an indirect positive effect on A_B mediated by A_{AD} ,

and a negative direct effect on A_B . The depicted visual appears to serve as a heuristic cue such that the more negative the problem solved by the brand, the more positive consumers' A_B . This relationship was strongest when ability to process, as indicated by product category familiarity, was more moderate rather than low (given moderately low motivation and limited opportunity).

UNDERSTANDING SOCIAL ALLIANCES

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ABSTRACT

Fundamental changes in the environment of both business and not-for-profit organizations have resulted in an increasing number of partnerships between businesses and not-for-profit organizations. While many of these associations are simply another means for a business to advertise and promote its products, others reflect a fundamental shift in strategy since business is trying to accomplish two objectives in tandem: the achievement of business goals and enhanced social responsibility through support of targeted causes. For example, during the past three years, Avon's 4,500 U.S. sales representatives have raised \$12 million to provide access to breast cancer screening and education. The representatives often incorporate breast cancer awareness into their sales conversations and provide related literature. The National Alliance of Breast Cancer Organizations and the YWCA are Avon's partners in this effort. American Express and Share Our Strength, an anti-hunger organization, have joined forces on multiple endeavors since 1991. Among them are Taste of the Nation, an annual nationwide series of fundraising events supported by thousands of volunteer restaurateurs and chefs that is in its seventh year. These types of partnerships have evolved from short-term cause-related marketing programs into long-term strategic alliances designed to increase the competitive advantage of both the business and its not-for-profit partner. We call these affiliations "social alliances."

While a significant literature on strategic alliances among for-profit firms exists, virtually no attention has been given to hybrid alliances

between for-profit and non-profit entities. It is the primary objective of this research to address this knowledge gap. This is an important area for study since there are few guidelines in terms of appropriate objectives, selection criteria, or implementation tactics for either business or not-for-profit organizations contemplating these types of partnerships. It is also important to understand the life cycle of social alliances. Our research revealed that social alliances evolve through a number of life cycle stages: (i) initiation, (ii) negotiation, (iii) implementation/management, and (iv) redesign/termination. Finally, it is necessary understand the ways that social alliances are similar to, or different from, nonsocial strategic alliances.

While an understanding of strategic alliances among for-profit firms can provide the foundation for exploring social alliances, the strategic alliance literature cannot capture all of the unique facets of for-profit / not-for-profit partnerships since, as Drumwright (1996) recognized, there are non-economic as well as economic motives underlying social alliance formation. Social alliances involve participants with very different social mandates, who are subject to forces, and whose combined market offerings are novel, complex and multi-dimensional. Consequently, social alliance success depends not only on standard marketing factors, but increasingly on much more complex and less understood issues, such as the ability to merge divergent cultures and goals, the support of stakeholders (employees, channel members, government regulators) and the accurate prediction of societal response.

THE DETERMINANTS OF RELATIONAL GOVERNANCE IN ECONOMIC EXCHANGE RELATIONSHIPS

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ABSTRACT

A theoretical model is developed in this paper which identifies factors that contribute to the stability of relational governance arrangements and is empirically tested using data from a published study (Zaheer and Venkatraman

1995). Results show that investment of specific assets by one party, reciprocal investments by the partner, and trust are key determinants of the joint action agreements form of relational governance.

INTRODUCTION

Over the past two decades, marketing exchange partners (e.g., manufacturers and distributors, insurance providers and insurance sales agencies) have increasingly come to realize that they are part of a value system with potentially synergistic links (Porter 1980; Porter and Miller 1985). The rush to exploit such linkages to secure competitive advantage has been tempered by the level of commitment required to generate the synergy. Specifically, it requires that partners move from an arms' length basis to a relational basis of interaction (Dwyer, Schurr, and Oh 1987) by making significant resource commitments to each other -- a move which carries risks for both parties. Parties that tie themselves closely to their exchange partners incur switching costs (Porter 1980) which can deter them from availing themselves to new exchange partners, thus aggravating the threat of partner opportunism (Williamson 1985).

Crafting one or more governance mechanism into an exchange relationship enables the exchange partners to exploit the competitive advantages offered by such linkages while also providing safeguards against partner opportunism. Relative to market-based and hierarchical forms of governance, interfirm relationships have become the fastest growing form of governance used to facilitate exchange (Business Week 1987; Heide 1994; Williamson 1985). While relational governance forms such as alliances, partnerships, and long-term relationships (Webster 1992) are proliferating, they also appear to suffer from a notably high

failure rate of up to 70% (Business Week 1986; Harrigan 1988; Parkhe 1992; Sherman 1992). Given the efficiency advantages that can be derived from relational exchange, it is important to understand how these advantages may be preserved in a dynamic environment. In other words, it is important to identify governance mechanisms that not only provide safeguarding protection, but also foster decision-making flexibility, both of which can contribute to the stability of relational exchanges.

Drawing from both economics and sociology, we identify antecedent conditions which favor the development of a particular relational governance mechanism between exchange partners, joint action agreements. Our conceptual model is developed in the next section. This model is tested using data (correlations and standard deviations) from a published study (Zaheer and Venkatraman 1995). The methodology used by Zaheer and Venkatraman (1995) is reviewed, followed by the results of our model. The paper concludes with a discussion and implications for future research.

CONCEPTUAL MODEL

In this research, we examine the bilateral process of planning, implementing, controlling, and adapting exchange relationships, or joint action agreements (Heide and John 1990; Heide 1994; Zaheer and Venkatraman 1995). Unlike other relational governance mechanisms, such as hostages, joint action agreements can play a dual role. First, they can serve as a safeguard, or control device to deter partner opportunism. Secondly, joint action agree-

ments can provide flexibility and preserve the firm's ability to make serial adaptations (Williamson 1985). However, the use of such agreements is apt to be influenced by situational factors, including asset specificity, behavioral uncertainty, reciprocal investments, and trust.

Asset specific investments are non-fungible investments that have little or no value outside of the focal relationship in which they are employed (Williamson 1985). Within a services selling context (e.g., insurance), an agency that invests resources in unique employee training programs and/or adopts idiosyncratic procedures to sell a particular carrier's line is said to be making specific asset investments (John and Weitz 1989). An agency may undertake such investments to enhance productivity, improve the terms of exchange (e.g., obtain territorial exclusivity), or for signaling purposes (Anderson and Weitz 1992; Williamson 1985).

Specific asset investments, in turn, provide the motivation for the party making the investment to seek to increase their level of control over the relationship (Williamson 1985). Within an agency-carrier relationship in the insurance industry for example, an agency that invests in specific assets (e.g., dedicated training programs and/or installing idiosyncratic procedures to sell a particular carrier's line of insurance products) becomes vulnerable to carrier moves, such as reducing the rate of commission given to agencies. Given their specific investments, this agency cannot credibly threaten relationship termination and hence is susceptible to opportunistic appropriation by the carrier (Klein, Crawford, and Alchian 1978). When relationship termination is a non-credible threat, we expect that the agency will instead seek to protect itself by pursuing a relational governance arrangement with the carrier. Joint responsibility for planning, implementation, control, and adaption of the relationship can give the agency the control that it desires (Leenders and Blenkhorn 1988).

The general Transaction Cost Analysis (TCA) logic on which the above argument is based, that asset specificity results in a preference for more specialized forms of governance (Williamson 1985), has been amply supported in the empirical literature (e.g., Anderson 1985; Klein, Frazier and Roth 1990). More specifically, Heide and John (1990) found that

incidence of joint action between manufacturers and suppliers increased as a result of specific investments. We posit:

H1: There is a positive relationship between asset specificity and joint action agreements.

With regard to the second factor enumerated above, one party is said to experience decision-making uncertainty when that party is unable to make reasonably accurate predictions about their exchange partner's actions and of the future state of their exchange relationship (Pfeffer and Salancik 1978). An insurance agency in an agency-carrier relationship, for example, experiences decision-making uncertainty to the extent that it is unable to accurately anticipate prices or new product offerings by the carrier in the near future. This uncertainty could arise because of real or contrived conditions of information asymmetry (Williamson 1985). The former may exist because of market position, i.e., the agency may not have access to the same information sources as the carrier and thus be less able to anticipate likely changes. Alternatively, the condition may be contrived by the carrier, who could deliberately not give advance warning of impending changes to agents.

An agency for whom carrier intentions remain opaque is vulnerable to carrier opportunism. For example, the carrier may imply an impending product line expansion, thereby inducing the agency to commit specific assets to the relationship. Once these dedicated investments are committed by the agency, the carrier could subsequently attempt to appropriate the rents from such investments (Anderson 1985; Butler and Carney 1983).

Consistent with Heide and John (1990), we argue that behavioral uncertainty increases the buyer's motivation to verify supplier actions, which in turn leads to a preference for developing joint action agreements. The joint planning activities will enable the agency to acquire sufficient information about carrier intentions to reduce the felt uncertainty (Pfeffer and Salancik 1978). Thus, we propose:

H2: There is a positive relationship between behavioral uncertainty and joint action agreements.

Reciprocal investments are specific asset investments made by the other party in the relationship. For example, provision of product offerings and support by an insurance carrier that are customized to the needs of an agency would denote reciprocal investments. While such investments increase the dependence of the carrier on the agency, the carrier may invest in this fashion to draw closer to the agency and improve the terms of exchange, (e.g., to gain a greater share of the agency's volume, discourage the agency from representing other carriers, or gain greater market feedback) (Williamson 1985). Reciprocal investments also motivate the carrier to pursue relational governance arrangements as a safeguard against opportunistic behavior by the agency. Heide and John (1990) found empirical support for the positive relationship between partner investment and joint action in a manufacturer supplier context. Based on the preceding, we expect:

H3: There is a positive relationship between reciprocal investments and joint action agreements.

In a comprehensive review of the topic of trust, Mayer, Davis, and Schnoorman (1995, p. 712) define trust as "the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other party will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (see also Moorman, Zaltman, and Deshpande 1992; Morgan and Hunt 1994 for related definitions).

We expect that trust will facilitate the process of relational governance via joint action agreements. Parties that have confidence in each other should find it easier to work jointly on strategy design, implementation, control, and adaptation. Empirically, trust arising from the relationship history (Gulati 1995; Parkhe 1993) has been positively associated with the development of relational governance arrangements. Accordingly, we propose:

H4: There is a positive relationship between trust and joint action agreements.¹

Interrelationships Between Variables

Commitment of specific assets, for example, in the form of a trained salesforce and/or specialized procedures by the sales agency, can increase sales revenues for both the agency and the carrier, thereby increasing carrier satisfaction with the relationship. As carrier satisfaction increases, the attractiveness of the sales agency to the carrier also increases (Thibaut and Kelley 1959), which enhances carrier motivation to maintain the relationship (Dwyer, Schurr and Oh 1987; Frazier 1983). Consequently, the carrier makes reciprocal investments in the relationship in order to signal credible commitment to the agency (Anderson and Weitz 1992; Gundlach, Achrol, and Mentzer 1995). This positive relationship between asset specificity and reciprocal investments has been empirically established in a number of different settings (e.g. Anderson and Weitz 1992; Stump and Heide 1996). Accordingly, we propose:

H5: There is a positive relationship between asset specificity and reciprocal investments.

We also posit an inverse relationship between reciprocal investments and behavioral uncertainty. Reciprocal investments by the partner not only serve as a hostage and provide safeguarding protection, they also signal commitment to the relationship and a predisposition not to act opportunistically (Anderson and Weitz 1992; Williamson 1985). In other words, this investment behavior is an overt action that is used by the carrier to disclose its hidden intentions. Consequently, we expect that the agency will experience less uncertainty about future events within their partner relationship. Accordingly, we posit:

¹There exists an extensive literature on the forms and dimensions of trust (e.g. Williamson 1993; Zaheer and Venkatraman 1995) and a lively debate on whether trust is a characteristic of inter-organizational relationships, and hence an antecedent condition which influences governance decisions, or a consequence of the relational governance process (cf. Barney and Hansen 1994; Donaldson 1990). Given the dynamic nature of interorganizational relationships, a reciprocal relationship between trust and relational governance is likely, which could be modeled in a time series or non-recursive fashion. Unfortunately, the cross-sectional data we rely upon preclude this analysis.

H6: There is an inverse relationship between reciprocal investments and decision-making uncertainty.

Additionally, we posit a positive relationship between reciprocal investments and trust. Reciprocal investments signal to the agency that the carrier partner has made a credible commitment (Williamson 1985). By "tying their own hands" (Schelling 1960, Anderson and Weitz 1992), a partner signals that they trust the other party and that they are deserving of trust. As has often been noted, trust begets trust as part of a positive iterative cycle (Gambetta 1988; Pruitt 1981). Thus, we propose:

H7: There is a positive relationship between reciprocal investments and trust.

Party confidence in the partner is enhanced to the extent that one party (e.g., agency) can predict that the partner (e.g., carrier) will not act in ways inimical to the party's interests. Under conditions of high behavioral uncertainty, the party does not have the necessary information to make such a prediction about the partner (Achrol and Stern 1988). Williamson (1993) proposes that trust, in part, depends upon calculations of self-interest. Consequently, we expect that under conditions of behavioral uncertainty, less reliance will be placed on this calculative trust since the partner's future actions are less predictable.

H8: There is an inverse relationship between decision-making uncertainty and trust.

Zaheer and Venkatraman's (1995) model posited that the effects of asset specificity, behavioral uncertainty, reciprocal investments and trust on joint action agreements would be mediated by the degree of quasi-integration. The underlying rationale for such an expectation is that quasi-integration, denoting governance structure, contributes to the establishment of governance processes, specifically joint action agreements. Their model also explicitly controlled for firm size. We therefore include both of these variables to statistically control for their effects.

METHODOLOGY AND RESULTS

Zaheer and Venkatraman (1995) collected data in the commercial insurance industry. They examined the relationship between insurance agencies and the carrier with whom they did the most amount of business. The model was tested with data collected from 329 insurance agencies, which represented a response rate of 33%. The measures used in the study were operationalized as follows:

Joint Action Agreements. This construct was operationalized using a three-item scale developed by Zaheer and Venkatraman (1995). It included items which focused on joint planning of marketing strategy, new product launches, and premium volumes. The reliability was .82.

Asset Specificity. A six-item scale that comprehensively measured both procedural and human asset specificity was used to operationalize asset specificity. The reliability of this scale was .86. Procedural asset specificity refers to the specific investment made by the agency in understanding the carrier's workflows and routines. Human asset specificity refers to the specific investment made by the agency in training their staff to sell the focal carrier's products.

Behavioral Uncertainty. The uncertainty experienced by the agency vis-a-vis their focal carrier's future activities was measured using a two-item scale (reliability of .61). Uncertainty about the carrier's pricing of existing products and introduction of new products in the next year was measured.

Reciprocal Investments. A three-item scale, with a reliability of .77, was used to measure the focal carrier's specific investment in the agency. The three-items captured both the procedural and human asset specific investments made by the carrier in the agency.

Trust. Agency trust in the carrier was measured using a three-item scale. The reliability of the three-item scale was .81.

Degree of Quasi-Integration/Size. Both were operationalized as single items, the log of

the percentage of business (commercial premiums) directed to the focal carrier and the log of the total written premiums (commercial lines), respectively.

A structural model, which comprised the 7 measures and provided 28 d.f. for testing purposes $(7[7 + 1])/2$, was estimated using EQS (Bentler 1993). We modeled a correlation between asset specificity and decision-making uncertainty (Bryne 1994, p.38, footnote 4) to reflect the argument that decision-making uncertainty becomes even more problematic for the agency when they have specific assets invested in the carrier (John and Weitz 1989; Williamson 1985). The model achieved a good fit with the data (chi-square = 7.73, d.f. = 5, $p = .17$; AOSR = .02; CFI = .98). The parameter estimates are interpreted below:

- **H1:** Consistent with our expectation, asset specificity was positively related to joint action agreements, though at a marginally significant level ($t=1.54$, $p<.10$).
- **H2:** Behavioral uncertainty had no effect on joint action agreements ($t=-.75$, $p>.10$). H2 was therefore not supported.
- **H3:** Reciprocal Investments had a significant positive effect on joint action agreements ($t=6.18$, $p<.01$), thus supporting the hypothesis.
- **H4:** Although directionally correct, the effect of trust on relational governance did not achieve statistical significance ($t=1.46$, $p<.10$), thus marginally supporting H4.
- **H5:** Asset specificity was positively related to reciprocal investments ($t=3.20$, $p<.01$), thereby supporting H5.
- **H6:** The hypothesis of an inverse effect of reciprocal investments on decision-making uncertainty was strongly supported ($t=-3.48$, $p<.01$).
- **H7:** Reciprocal investments was a significant positive antecedent of trust ($t=3.89$, $p<.01$), supporting H7.

- **H8:** As predicted, behavioral uncertainty had a significant negative impact on trust ($t=-4.51$, $p<.01$), therefore providing support for H8.
- **Control Variables:** Quasi-integration had a significant positive effect on joint action agreements ($t=1.90$, $p<.05$), while size was marginally significant ($t=1.41$, $p<.10$). There were also significant indirect effects of specific assets ($t=4.66$, $p<.01$), trust ($t=2.07$, $p<.05$), and size ($t=-3.27$, $p<.01$) mediated through quasi-integration. Behavioral uncertainty and reciprocal investments had non-significant paths leading to quasi-integration.

Our model explains 17% of the variance in joint action agreements, which is 2.8 times greater than that explained by the original Zaheer and Venkatraman (1995) model.

DISCUSSION

Overall, our results suggest that the process leading to the establishment of joint action agreements is more complex than originally depicted in the model by Zaheer and Venkatraman (1995). Asset specificity, reciprocal investments, and trust were found to be key determinants of joint action agreements in the agency-carrier relationships studied. Reciprocal investments had a significant positive direct effect, as expected. Surprisingly, the direct effects of specific assets and trust on joint action agreements was marginally significant ($p<.10$). Recall that our basis for positing the positive relationships between specific assets (reciprocal investments) and joint action agreements was the safeguarding argument posed by TCA, i.e., specific assets provide incentives, specifically transaction cost economies, for the establishment of relational governance (Williamson 1985). However, trust provides no such incentives. Trust, in short, may be a facilitator but not a motivator of relational governance, which suggests that the effect of specific assets may not be invariant to the level of trust. Stated as an empirically testable proposition, we speculate:

- P1:** The positive relationship between asset specificity (reciprocal investments) and joint action agreements

is enhanced under conditions of high trust and attenuated under low trust.

Agencies perceiving behavioral uncertainty about their carriers were expected to establish joint action agreements in order to reduce the felt uncertainty. The hypothesized positive effect of behavioral uncertainty did not materialize. While this result could be a function of the way the variable was operationalized, this non-significant result actually supports the TCA argument (cf. John and Weitz 1989, p.4; Williamson 1985) that it is not uncertainty, per se, but uncertainty in combination with asset specificity that favors a role for relational governance. According to TCA, the main effect of uncertainty should be non-significant and the interaction effect of uncertainty and asset specificity should be significant. The following proposition captures the argument:

- P2:** The positive relationship between asset specificity and joint action agreements will be enhanced under conditions of high uncertainty and attenuated under low uncertainty.

THEORETICAL AND MANAGERIAL IMPLICATIONS

The theoretical model presented in the paper draws from both economics and sociology to provide an explanation for variance in relational governance. It is increasingly being recognized that both perspectives complement each other (e.g., Granovetter 1985) and further, it has been repeatedly demonstrated that used in unison, these perspectives provide a more comprehensive explanation of a given phenomenon that does either perspective alone (Eisenhardt 1988; Neu 1992; Zaheer and Venkatraman 1995).

However, the extant literature is only beginning to recognize the inter-connections between the two perspectives. Operationally, this has meant that prior research has examined the additive effects of economic and sociological variables on a given dependent variable but that it has not fully examined relationships among the variables contained within each perspective and between these perspectives. Our model addresses this discrepancy by explicitly testing the links between asset specificity and

reciprocal investments (economic variables) and trust (a sociological variable). Our results provide strong support for the arguments that variables from these two perspectives are influenced by each other.

There has been a steady increase in the adoption of relational governance arrangements between exchange partners at various levels in the value system across a variety of industries (Emshwiler 1991). The benefits for buyers of working jointly with suppliers include cost reductions and enhanced product quality (Wilson, Dant, and Han 1990) while benefits for suppliers include reduced discretionary expenses such as selling, general, and administrative overhead costs (Kalwani and Narayandas 1995). We have argued that relational governance mechanisms, such as joint action agreements, can have both safeguarding and flexibility properties, which promote stability and foster relational exchange.

For managers in both buying and supplying firms, the implications of our model are that as firms move toward relational exchange, both parties are motivated to invest in specific assets. These assets generate rents which make it worthwhile to govern the relationship jointly. Our model implies that managers should be discriminating in their use of joint action agreements, i.e., relying on this form of relational governance may not be appropriate in all situations. For example, when specific assets have been invested the *motivation* to turn to joint action agreements arises (Heide and John 1990). However, the actual *need* to use this form of governance is a function of multiple interrelated factors, among them reciprocal assets, behavioral uncertainty, trust and degree of quasi-integration.

LIMITATIONS AND FUTURE RESEARCH

We used a published data set (Zaheer and Venkatraman 1995) to test our theoretical model. Consequently, there is scope for improving the fit between the measures and definitions of some constructs. Note that while we defined joint action in terms of joint planning, implementation, control, and adaptation, the measure of joint action focused only on the joint planning aspect. We hope in future research to use a more reliable measure of behavioral uncertainty and to use a measure of joint action agreements that more fully reflects

our definition. Our model is also silent on the performance or outcome implications of relational governance. Performance measures will enable testing certain TCA derived predictions from our model more fully. Methodologically, a key limitation is that although our model implies a causal sequence, the data is cross-sectional. A longitudinal design is necessary to provide a stronger test of the theoretical model.

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THE ADVANTAGES OF THE CUSTOMER VALUE/MISSION MATRIX FOR STRATEGIC NONPROFIT MARKETING ANALYSIS

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ABSTRACT

Application of traditional portfolio methods to nonprofit marketing situations is difficult, to say the least. For the most part, they require detailed market share, market strength, market growth, market attractiveness, and/or cost and profit accounting information that many nonprofits do not have and may not be able to acquire given the nature of products typically offered by nonprofits, e.g., services and/or social behavior programs. We suggest use of a recently proposed product portfolio model, the customer value/mission (CV/M) matrix as a

method that can help nonprofits in their product planning endeavors. The CV/M matrix better serves the needs of marketing strategists not only in for-profit organizations but in nonprofit ones as well. This is because it reflects on customer value and differential advantage in the eyes of an organization's consumers. This paper directly compares the use of an older portfolio matrix that has been suggested for use in nonprofit organizations with use of the new matrix and discusses some advantages and disadvantages of each.

CREATING ETHICAL COMPLIANCE SYSTEMS IN MARKETING ORGANIZATIONS

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ABSTRACT

Corporate America has become more concerned with ethics and compliance programs as a result of the passage of the Federal Sentencing Guidelines for Organizations (FSGO) of 1991. The FSGO make the organization liable for the illegal acts of individual employees. The organization can be fined and/or placed on organizational probation. The guidelines specify minimum standards of performance for organizations in supporting, developing, and implementing their ethics and organizational compliance initiatives. If the organization has been found to not maintain an effective compliance program and an employee engages in an act of antitrust, for example, the penalties can reach the maximum. The base range of penalties under the guidelines is \$5,000 to \$72,500,000. The FSGO establish seven key areas that organizations should consider including codes of ethics, ethics training, top level management support, adequate reporting mechanisms, care in delegation of discretionary authority in the organization, disciplinary mechanisms for offenders, and revision of the system as improvements can be made. The FSGO have had a enormous impact on organizations giving them an incentive to develop effective compliance programs. Until the passage of the FSGO, many large organizations such as Sony did not have organized, formal compliance programs or codes of ethics.

Many organizations are struggling to determine what constitutes an "effective" compliance program. Many would deem that an effective program means there are no offenses or violations. That reasoning does not take into account the rouge employee who knowingly breaks organizational policies or manipulates rules for personal gain. Very few studies have been conducted into the effect of ethics training or comprehensive ethics programs as related to the seven minimum steps for compliance set out by the FSGO. One study

conducted evaluated the effect of the development of a comprehensive FSGO compliance program in Employees engaged in pretest/post test questionnaires and the following was found. The higher the employees' perceptions of ethical climate in the organization the higher their perceptions of product quality, intra organizational trust, and market orientation. Studies which can relate desired organizational outcomes with initiating compliance programs create a more positive incentive for organizational acceptance.

The second study looked at the effect of utilizing an established ethics training game, Gray Matters. Gray Matters was developed by Lockheed Martin and is utilized in organizations across the country to train employees. The game uses realistic mini-cases and provides alternative answers for teams to debate. The results of the study revealed that employees had greater confidence in their ability to make the correct ethical choice (higher level of ethical self-efficacy) after being exposed to the training. In addition, employees placed less value on the input of peers in ethical decision making and had an increased perception of the importance of rules and procedures in the organization. This would seem to indicate that realistic mini-case training with feedback and group interaction can have some very positive effects on employees.

Many associations, industries, and organizations are working to continuously improve their ethical compliance programs. Ongoing research efforts need to focus on how to assist in improving the overall ethical climate of the organization and how to evaluate the role that various training devices play in assisting in achieving organizational objectives. Opportunities exist to assist in the shaping and structuring of future public policy in the compliance area.

THE R&D, MANUFACTURING, AND MARKETING COMPETENCIES AND FIRM'S GLOBAL COMPETITIVE POSITION: AN EMPIRICAL STUDY

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ABSTRACT

Recently, significant research has been conducted investigating the relationships between three distinct competencies of the firm and its performance in the domestic market context. These competencies, namely innovation, marketing, and manufacturing, have been argued to be sources of competitive advantage to the firm (Droge, Vickery, and Markland 1995), as well as the determinants of the overall performance of the firm (Day and Wensley 1988). If these competencies are indeed key determinants of the attainment of competitive advantage in the domestic market, it is interesting to know to what extent these competencies are relevant predictors of the firm's competitive position in the global market.

In another stream of research in global competition, studies have suggested that effective configuration and coordination of value-chain activities are the core competencies for firms competing in global industries (Porter 1986; Roth, Schweiger, and Morrison 1991). Indeed, the coordinated linkage of the value-chain activities across country locations has been argued to be fundamental in capturing cross-national scale, scope, and learning economies, and these economies "...imply that resource flows must exist throughout the multinational network; it is unlikely that such flows would lead to advantage in the absence of coordination" (Roth 1992, p. 534). Given the importance of configuration and coordination of value-chain activities in global competition, it should be interesting to investigate whether such competencies can be decomposed into R&D, manufacturing, and marketing competencies as suggested by the first stream of the literature. It should also be interesting to study the extent to which these competencies will affect the firm's global competitive position.

The purpose of this study is to investigate whether coordination and concentration of firm's R&D, manufacturing, and marketing represent distinct competencies in global competition and the extent to which the firm's global competitive position is influenced by these competencies. The paper is organized in the following manner: first, an overview of the literature on innovation, marketing, and manufacturing capabilities as sources of competitive advantage, as well as on global competition, is presented. Next, research propositions are introduced based on the literature. Third, the methodology of the study is described. Finally, results of the studies and their implications are discussed.

The findings of the current study have several implications for management with regard to how to compete more effectively in the global market. If global managers are to benefit from economies of scale and scope, as well as intra-firm learning in a global context, then the effective configuration of core competencies and the coordination of those competencies across national markets must be accomplished. Naturally, the identification of these competencies as *distinct* characteristics of the firm is critical before any effective concentration or coordination can take place. As the results of this study indicate, R&D, manufacturing, and marketing are indeed three distinct firm competencies both within the concentration and coordination contexts.

Given that these competencies are distinct within the global environment, the empirical findings in this article suggest that the integration of certain functional activities across geographic locations can enhance the firm's global competitive position. Managers are often

confounded in trying to determine the proper approach toward the attainment of location specific and competitive advantages in their global operations. In determining the best implementation of the firm's functional activities and the linkage or integration of these activities across locations, global managers should focus on the interdependency of value-chain activities between markets, with high degrees of coordination between the respective R&D, manufacturing, and marketing efforts of the respective markets. In this way managers can improve both their strategic positioning in

the *global* market and their competitive position relative to other firms. Similarly, the concentration of research and development activities can enhance the competitiveness of the firm, where economies of scales and scope levels, as well as organizational learning, can benefit from a single country location and the resulting consolidation of resources. This study shows there are indeed specific activities which can be coordinated to enhance performance, and by focusing on these activities and their proper concentration and coordination across markets, global competitiveness can improve.

THE IMPACT OF ORGANIZATIONAL AND ENVIRONMENTAL VARIABLES ON STRATEGIC MARKET ORIENTATION: AN EMPIRICAL INVESTIGATION

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ABSTRACT

Market orientation is increasingly viewed by companies as a source of competitive advantage which is reflected in improved company performance (Deshpande, Farley and Webster 1993). Consequently, some studies have explored the construct of market orientation *per se*, while several others have extended the focus to the link between orientation and performance (Ruekert, 1992; Jaworski and Kohli, 1993; Siguaw, Brown and Wilding, 1994). In contrast, there is a dearth of research on market orientation from a *strategic* perspective, i.e., how market orientation is shaped by corporate attitudes and strategic intent.

This paper attempts to address this issue by conceptualizing market orientation from a *strategic perspective*. It differs from the current literature in that it develops a measure that emphasizes managerial attitudes and strategic intent. The new measure is empirically scrutinized by an investigation of its relationship with pertinent environmental and organizational variables, as well as company performance.

Based on a survey of nearly 400 companies operating in the U.S., the findings show that Strategic Market Orientation is clearly related to both environmental and organizational variables. In terms of the latter, significant relationships exist between Strategic Market Orientation and future strategic priorities, growth objectives, the degree of inter-departmental coordination and a U.S. ownership of the company. In terms of environmental variables, Strategic

Market Orientation is significantly related to the intensity of competition and the rate of technological change. However, Strategic Market Orientation does not appear to vary in environments characterized by different customer requirements. Focusing on the link between Strategic Market Orientation and perceived performance, the findings are equivocal: a relationship only exists with ROI but not with profits.

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A FRAMEWORK FOR STRATEGIC VALUE MANAGEMENT

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ABSTRACT

This paper builds the framework for coupling the established work of competitive advantage with the emerging discipline of value marketing. The outcome of this linkage is the concept of strategic value management. This idea defines the marketing structure for building and maintaining a value advantage. The strategy stresses the firm's ability to combine and manage the dimensions of price, product/service quality and customer service in a way that a strategic competitive leverage is created. The outcome provides long-term profitability for the firm and satisfaction for the customer segment.

Overall, a solid framework is presented in this paper for defining a successful value relationship between buyers and sellers. The framework is comprised of the lumber: product quality, price and customer service decisions and the screws, nails and fasteners: cost, quality and demand.

The right combination of product quality, customer service and fair prices is the key to selling to value-conscious consumers in today's marketplace. Choosing the right levels of each value dimension is critical to success. The ideal position of value is where the product or service is the highest quality, supported by the best customer service, and offered at the lowest price. While ideal for the customer, it allows very little, if any, profit margin for the seller. The generic position offers acceptable product quality with reasonable customer service at affordable prices. Unfortunately, there is always a competitor who is willing to offer a lower price, higher quality, or better customer service. Additionally, there are always consumer segments who are attracted to one value dimension at the expense of accepting lesser performance on the other dimensions. Solid middle-of-the-road names like Sears or Holiday

Inn are struggling against a slew of new competitors that strike from a position of competitive advantage. Emulated by rivals offering more luxurious goods or just plain cheaper prices, companies with products in the middle of the road are finding their market share dwindling and are seeking ways to break away from the image of just being average. Firms that cannot form some type of competitive advantage will have to compete as a middle-of-the-road offering of inferior value.

The realistic value strategy matches the key competitor(s) on two dimensions and then grabs competitive advantage by excelling on the third dimension. Companies that pursue a pragmatic value strategy, manage four key drivers of value. They are:

- Price - the amount of money charged for the product or service.
- Cost - the amount of money it takes for the seller to provide the product or service for sale.
- Demand - the quantity of product or service that will be bought at different prices.
- Quality - the totality of features and characteristics of a product or service that bear on its ability to satisfy customers' needs. Quality is used to describe the character of the product, service, and customer service).

While the concept of value management is under construction, companies such as Southwest Airlines, Hewlett-Packard and Nordstrom have developed a strong value ethic where they have distinct competitive advantages attributed to one of the three dimensions of value. Other companies, struggling for distinction, need to understand and apply the concept of strategic value management as a way to achieve a safe niche.

CUSTOMER VALUE: A NEW PARADIGM FOR MARKETING MANAGEMENT

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ABSTRACT

Management must analyze all pertinent "actors and factors" to compete in changing markets. Customer value has emerged as a dominant theme for business success. This paradigm means anticipating and responding to the relevant values of constituencies so as to

maximize economic value. This paper examines the concept of customer value, provides a conceptual basis for developing a values-based managerial framework, proposes a four-stage value funnel model, and offers marketers a new view of business dynamics.

CUSTOMER VALUE

Value is an "old" concept, but it is a new imperative in business. It is the strategic driver that firms use to differentiate themselves from the pack. Value connotes many meanings; yet, it is always defined by the customer! The customer value triad consists of value-based prices, product quality, and service quality (Naumann 1995). Varying emphases on these elements explicates a firm's value proposition. For example, Wal-Mart stresses low price, Hewlett-Packard is obsessed with product development, and Nordstrom is renowned for world-class customer service. Since tradeoffs exist, companies cannot expect to be the best in all three areas. The costs of sustaining multi-dimensional leadership is overwhelming.

HIGHLIGHTS OF THE LITERATURE

The 1990s is the *value decade* (Band 1995). Power has shifted from companies to value-seeking customers. The idea of value -- relative worth or importance -- is expressed in many ways. Recently, the value theme has gained popularity in trade books (DeRose 1994; Treacy & Wiersama 1995; Tucker 1995; Davis and Manrodt 1996; Woodruff & Gardial 1996) and articles directed to managers. Value is the total experience; this includes product assortment, respect for customers, time/energy savings, fun, and fair prices (Berry 1996). Sustainable competitive advantage requires superior customer value (Jensen 1995). Segmentation and the marketing mix are focal points for value creation research (e.g., Reddy

1991; Rayport & Sviokla 1995; Sukhdial et al. 1995; Thorpe 1995; Wilson 1995; Berry & Yadav 1996).

CONCEPTUAL BASIS: VALUE MODEL

Value is a rich construct. Customers define value as a relationship between the benefits received versus the price paid. They evaluate satisfactions of individual and serial transactions. This input affects their decisions about forming long-term relationships with organizations. Management's objective is to maximize value over time. Realize that customer values greatly impact business processes and performance. Business performance can be built on a dual foundation of paramount value concepts: (1) anticipating and responding to the *relevant values* of all constituencies (e.g., customers; stakeholders; employees; collaborators, competitors, suppliers, and regulators; and society), and (2) *value maximization* -- how economic value is created to best serve target customers. While the former element is largely qualitative, the latter is mostly a quantitative dimension.

THE VALUE FUNNEL

The *Value Funnel* framework captures the salient attributes of the two sets of value concepts. As the model illustrates, organizations must deal with a set of macro issues and customer-specific concerns to create and maximize value. Viewing the four levels of the model -- global business community (society), market (partners, competitors, and regulators), organization (owners and employees), and customers

-- through a broad to narrow lens affects business performance. The interdependency of the levels is evident. Each successive level(s) is part of the preceding one(s). Feedback loops demonstrate that market intelligence is an ongoing, iterative, interactive, and integrated process. The major "players" in the model must be continually scrutinized as to value identification, congruency and competition, and value delivery options. Hence, the long-term value of an organization is maximized by being in sync with the relevant values in the marketplace.

CUSTOMER VALUE: MANAGERIAL AND ACADEMIC IMPLICATIONS

Leading companies have created new positions such as customer managers, segmentation managers, and differentiation strategists to adapt to the customer and provide added value. Customer value offers management a potentially superior way of understanding business challenges. The value paradigm is currently in

the formative stage. Much work still needs to be done in formulating conceptual and operational definitions and conducting empirical tests in various business contexts. There are considerable opportunities for building value-based research models. In addition, we are most excited about the potential value that the value paradigm offers business education. At our university, we are reengineering our MBA program to emphasize values-based management. As an example, *Creating Customer Value* is a new course which exposes students to the latest theories and applications on customer satisfaction, market orientation, pricing, services marketing, relationship management, and TQM. This course augments the traditional *Marketing Management* course which is being revamped to reflect the way practitioners will use value/values thinking.

REFERENCES AVAILABLE UPON REQUEST

ISSUES IN A GROUNDED THEORY STUDY OF CUSTOMER DESIRED VALUE CHANGE: RESOLUTIONS USING PHENOMENOLOGY, ETHNOGRAPHY AND HOLISTIC TRANSCRIPT READINGS

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ABSTRACT

This paper addresses issues involved with exploring customer desired value change through the use of grounded theory methodology. Specifically, capturing experiential value

change data within a grounded theory study involves resolving three issues. These issues and their resolution are discussed along with early signs of success within a current study.

INTRODUCTION

Customer retention is a primary concern for businesses today, as indicated by TQM efforts, Malcom Baldrige Quality Award criteria, market orientation concepts, drives to increase the share of customers' businesses and cost reduction efforts. However, in order to retain strategic customers, suppliers must, among other things, anticipate and respond to customers' changing desires. Those who proactively anticipate change, or at least respond the best and fastest, possess a competitive advantage. There is currently a dearth of research addressing how and why customers change what they value from suppliers. Suppliers must know what signs they ought to pay attention to as indicators of impending change with their customers. This paper proposes that some of these signs are demonstrated by the actions and reactions of key people within customer organizations. However, there is not currently any underlying theoretical understanding of how and why key individuals within customer organizations change what they value from suppliers. One way to facilitate generation of such theories is through inductive exploration of how these individuals have experienced and driven change in the past, looking for important indicators of people undergoing change experiences that might also indicate future change. In-depth interviews can be a primary means of data collection relying on grounded theory as the central method and mode of thinking for such a study. However, grounded theory guidelines alone are not

enough to develop, conduct and analyze in-depth interviews aimed at capturing experiential value change data. Specifically, one encounters three issues when attempting to conduct a grounded theory study of customer desired value change at the individual level. This paper articulates these three issues and proposes means of resolving them through the adoption of aspects from phenomenology, ethnography and holistic transcript readings.

VALUE OVERVIEW

A brief overview of value helps to place these issues in perspective. Value relative to customers can be grouped into three categories: values, desired value, and value judgments (Flint, Woodruff and Gardial 1997). Understanding key issues related to customer retention depends on understanding the differences among them. Values refer to the *desired end-states* of existence that guide people's behavior. These values can be personal, organizational or role values. Desired value refers to what the customer *wants* to have happen, the entire bundle of positive consequences desired (i.e., benefits) as well as negative consequences preferred (i.e., sacrifices) in a specific kind of use situation that should be created by a supplier's products or services to aid in accomplishing certain goals. Value judgments refer to the customer's assessment of the value *received* based on the benefits and sacrifices actually experienced. Research into each of these areas has gained enough momentum to warrant an overview of

what is currently known about customer value (Woodruff 1997). This overview indicates that the concept of change in these value dimensions has yet to be significantly addressed.

Developing a thorough understanding of changes in the value that customers desire as experienced, seen and driven by individuals, demands a systematic approach guided by a specific research objective. A research objective in a business-to-business context therefore might be to build a broad, customer-oriented, theoretical understanding of the process of changes in the value that key individuals within customer organizations seek from suppliers. A theory explaining this phenomenon of desired value change does not appear to currently exist. Therefore, an inductive, qualitative approach such as grounded theory would be an appropriate method and perspective from which to approach this research objective.

GROUNDING THEORY OVERVIEW

Even a rudimentary overview of grounded theory thinking and procedures is beyond the scope of this paper. However, grounded theory, as developed by sociologists Glaser and Strauss (1967) and expanded over the years (see Strauss 1987; Strauss and Corbin 1990), has emerged as a powerful way to build theory of social phenomena (in marketing see Shouten 1991; Swan 1985; see *Qualitative Health Research*, 6, no. 3 (August) 1996 for a review of grounded theory issues in nursing, a discipline that readily relies on grounded theory). The method is a systematic approach to qualitative research that is exciting, rewarding and continuous. It takes advantage of the researcher's experiences, knowledge and theoretical sensitivity as assets and not as barriers to understanding. It intertwines data collection with data analyses in a continuous display of tacking back and forth from collection, to coding, to memoing, to making constant comparisons among categories and codes within textual documents and across texts. The aim is to develop a rich and thick understanding of the processes at work within the complex social phenomenon of interest. Grounded theory studies often rely on in-depth interviewing, observation and document reviews.

Actual implementation of a grounded theory study to explore customer desired value change, in particular the use of in-depth inter-

views to capture experiential descriptions, immediately reveals several issues that must be addressed. The next section presents three specific issues and suggests ways they may be resolved.

THREE CRITICAL ISSUES IN STUDYING CUSTOMER DESIRED VALUE CHANGE

Issue 1: What is an Effective Way to Design and Conduct the In-Depth Interviews?

The first major issue that arises when conducting a grounded theory study of customer desired value change is how to design and conduct the interviews with informants in order to capture the individual-level, experiential aspects of value change. One approach is to encourage study participants, informants, to reflect on various change experiences and discuss those experiences with the researcher. However, guiding business professionals to discuss change experiences requires unique researcher expertise. There are many ways in which to conduct interviews. Grounded theory fails to offer much guidance on which approach to take. It is left to the researcher to choose appropriate techniques for the question under investigation. For the specific study proposed here, other research traditions which also readily rely on interviews, provide the necessary guidance.

Of the many potential forms of interviews, in-depth interviews that guide informants through processes of introspection are instrumental to the development of deep understanding in marketing research (McCracken 1988; Wallendorf and Brucks 1993). As depicted in the upper left corner of [Figure 1](#), the interview design and execution in the study proposed here can be guided by the thinking and methods of phenomenology and ethnography. Phenomenological interviewing (Kvale 1983; Thompson, Locander and Pollio 1989; Thompson, Pollio and Locander 1994) guides the informant to focus on actual lived experience. It seeks to understand the objective world as it is experienced by individuals (Giorgi 1984). An aim is to explore the experiences that give meaning to people's lives and interactions, such as those experiences that reflect changes in value desired. Central concepts are to capture context, pure description, and to reveal problems for individuals to which solutions may

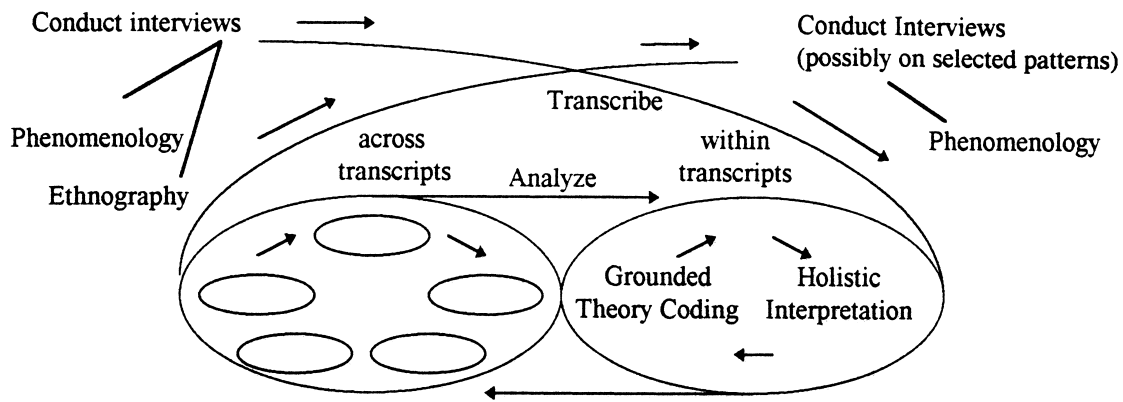


FIGURE 1
Interviewing Spiral

be resolved. It fits well with grounded theory's focus on exploring situations that are problematic for individuals involved. Within the study described here, one would want to capture participants' lived experiences with change, trying to find links from those experiences to changes in what each individual values from suppliers.

An ethnographic technique used in anthropology referred to as a "grand tour" provides another slant on the open-ended interview (McCracken 1988; Spradley 1979). This technique asks and probes the informant to guide the interviewer through a specific experience in a fashion similar to a tour, describing in detail what the informant was doing, seeing and sensing as well as what the informant observed others doing. Again the researcher is attempting to replicate an experience through the words of the informant. Any detail is important. Grand tours dovetail well with phenomenological interviews.

Keeping grounded theory, phenomenological, and ethnographic ideas constantly in the back of one's mind during the interview helps substantially. More specifically, when deciding where to take the interview next, from a phenomenological and ethnographic perspective, the researcher might ask him/herself, "Is the informant providing me with personal change experiences or drifting back up to the more abstract and maybe more comfortable company-wide level? Is the informant providing rich details about change processes and experiences such

that I feel I can see them as s/he did?" From a grounded theory perspective, the researcher might ask him/herself, "What theoretical ideas have I heard that require more explanation?" "Where do I need to go next to understand related experiences?" The idea is to almost relive the change experiences themselves through the informants' descriptions. This form of thinking helps the interviewer understand how to set up the interview, begin the interview and then gently guide it toward revealing and insightful experiences.

Issue 2: What is a Good Way to Begin the Analysis of the Interview Transcripts?

The second major issue one comes across when using grounded theory to build a theory of customer desired value change concerns the most effective manner in which to analyze the interview transcripts. Informants will express many complex change concepts through their descriptions of their experiences. What is the most effective way to bring these aspects of the customer desired value change data to the surface? Although grounded theory offers effective guidance on developing categories, dimensions, parameters of concepts, and theoretical integration, it moves too rapidly into data coding. Grounded theory encourages classification immediately with the first paragraph read within a transcript, demanding provisional labeling with modifications of initial understandings as analyses proceed. Taken literally, although this immediate labeling may

facilitate rapid immersion in the data and jump-start theory building, it may limit the researcher's opportunity to "see" all that can be viewed through the text. In particular, it is difficult to begin coding without contextual understanding. It is not that grounded theory denies the importance of holistic, contextual understandings prior to data coding. Discussions of the method often merely fail to explicitly address exactly how to go about gaining this level of understanding.

This initial stage of transcript interpretation within a grounded theory study is more clearly articulated here and is referred to as holistic transcript readings. It involves extensive part-to-whole comparison (see lower right-hand section of [Figure 1](#)). Similar to hermeneutic interpretation (Arnold and Fischer 1994; Hirshman 1992; Hudson and Ozanne 1988; Thompson, Pollio and Locander 1994), each transcript is read in its entirety, without looking for anything in particular, several, and possibly many, times. The aim is to capture a holistic vision of the transcript and recapture the essence of the actual interview. Only with this preliminary understanding in place does part-by-part interpretation take place. Various themes will begin to emerge which are then compared to the holistic understanding. In contrast with hermeneutic interpretations which seek to develop non-contradictory understandings, the study of value change through interviews seeks only to compare and contrast. Informants may very well articulate contradictory views. Once various parts are understood, the extremely detailed and gradual line-by-line analysis consisting of coding and memoing is much more productive.

Following the individual transcript analysis, multiple transcripts are understood together holistically, relying on the separate transcripts as the parts to be viewed in light of the entire set of transcripts. The process is iterative, as early understandings inform subsequent ones which in turn modify previous ones. As with the actual conduct of the interviews, keeping this specific procedure in mind throughout transcript analysis keeps the researcher from jumping into the coding process too quickly and engaging in potentially misleading coding.

Issue 3: What if One Finds Multiple Value Change Phenomena?

A third major issue that may arise within interviews or as the researcher begins to analyze the interviews is the discovery of multiple value change phenomena. For example, one could discover that there are actually two phenomena, one that describes the symptoms of change itself, the other that describes indicators of the causes of change. The former addresses change after the informants have recognized it and are experiencing it. The latter deals with the informants' reflections on the causes of that change. Such a situation reflects the understanding that social processes are often far more complex than initially assumed at the beginning of an investigation into them. Suppliers have been attempting to unravel the mystery of how to determine what customers will want next for a long time. This paper's perspective that understanding how individuals have experienced change in the past will provide clues to the indicators suppliers ought to pay attention to which should assist them in being able to recognize or even anticipate change in the future, is unique. It is an approach which has yet to be taken. As such, the present view of the phenomenon is likely to be overly simplistic. One must be prepared for the instance when the investigation becomes *too* complex to handle in one study. Discovering multiple phenomena might qualify as a situation expanding the scope of one study beyond manageable levels.

If this happens, decisions must be made. The research team must decide whether to pursue both phenomena in search of greater breadth, or to leave one theoretical area for future research and focus primarily on only a subset of the originally conceived research phenomenon. Grounded theory provides minimal guidance here as well. Upon recognizing multiple phenomena such as the symptoms of change and the drivers of change (assuming for a moment that these might in fact be different phenomena) and considering restriction of the study's scope, one might want to ask, "Can I adequately understand one without the other?" Borrowing from phenomenological thinking again (see top right of [Figure 1](#)), "Is one

phenomenological pattern distinctly different from, and significantly separate from, the other?" If the answer to these questions is an honest "yes," then limitation might be possible and appropriate. However, if the answer is "no," the study has just become longer. For one has determined that value change is more complex than originally thought. This kind of situation makes it difficult to anticipate the time and resource requirements of a thorough grounded theory study. Therefore, it is incumbent upon a value researcher to think through such a possibility in order to be prepared to address it. The pattern metaphor of phenomenology provides powerful guidance that assists in resolution of the issue.

EARLY SIGNS OF SUCCESS

The approach proposed in this paper is currently being applied in a major study of value change in the automotive industry, specifically with individuals within automotive manufacturers. Although the study is still in its early stages, there are early signs that the techniques proposed here are extremely valuable for uncovering unique value change dimensions. This section provides a brief glimpse of those signs.

The authors have discovered that keeping phenomenologically and ethnographically oriented concepts constantly in the back of one's mind throughout the interviews significantly aids in gently guiding the interviews to relevant experiences, such as social interactions during reorganizations, individual issues as the "lightbulb begins to come on" as one realizes the need to change, misunderstandings as one attempts to get suppliers to do more, the experiences of "information digging," and "searching for the biggest bang for the buck," or attempting to "move the needle" on quality. The process is revealing rich description of detail and capturing issues at the individual unit of analysis that otherwise might have remained covered. Additionally, the holistic and part-to-whole interpretive method is serving to facilitate grounded theory coding well. Although still in the early stages, it is apparent that by first reading each transcript at least 5 times as well as listening to the audiotapes again helps to identify critical value themes. These initial themes facilitate grounded theory coding significantly. Finally, it is too early to discuss much about the narrowing in scope issue. At pre-

sent, it appears that we are still dealing with one complex phenomenon of value change. However, we are vigilant to the issue of multiple phenomena arising at a later date. The current study is in its early stages of data collection and coding and is anticipated to take a several more months merely to collect the data desired. We will not be able to comment on the issue of expanding scope until much later in the process when we will know more.

SUMMARY

Developing a better understanding of how changes in what key individuals within customer organizations desire from suppliers manifest themselves for the individuals involved is essential to business's attempts to recognize early indicators of change. Recognizing and responding to these indicators customers provide is crucial to retaining them as customers. In particular, we propose that understanding how individuals have experienced change in the past will shed light on early signs that, if recognized by suppliers, will assist them in responding to or anticipating change before the competition. It will compliment the more abstract and organization-level information often gathered by business-to-business researchers. In order to capture this specific aspect of the value change phenomenon, the grounded theorist must employ specific methods (i.e., phenomenological and ethnographic interviewing techniques, part-to-whole holistic readings, and phenomenological pattern recognition) not usually addressed in discussions of grounded theory. Without specific guidelines to focus one's efforts, many researchers will become confused when it comes to actually implementing aspects of a full-blown grounded theory study. Although some researchers may want to resist combining methods stemming from differing philosophical paradigms, this paper assumes that the methods discussed here are commensurable and powerful when used together. Additionally, any use of grounded theory to study complex, experiential phenomena requires the researcher to make many judgment decisions throughout the process, only three of which have been discussed here. One can choose to address these critical issues in a cursory, ad-hoc fashion. Or, keeping to a more scientific philosophy, one can look toward time-tested approaches to similar issues for guidance. Clearly we propose the latter.

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ACHIEVEMENT MOTIVATION AND QUALITY OF SELLING PERFORMANCE: AN EXPLORATION

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ABSTRACT

In today's rapidly changing selling climate characterized by increasing physical separation of salespeople from their managers and greater salesperson empowerment, performance outcomes depend to a large extent upon the degree to which salespeople are able to sustain their self-motivation. This paper takes an exploratory look at one aspect of salespeople's self-motivation, their achievement motivation, in relation to their job performance. It explores the way components of achievement motivation contribute to the quality of salespeople's performance.

A heterogeneous judgment sample of persons based in the Southeastern United States ($n = 62$) completed a self-administered questionnaire and returned it to the researchers in a self-addressed envelope. Participating salespersons were order getters, and sold a variety of products including computers, real estate, insurance and financial services. Approximately half sold to business consumers while the remainder sold to in-home consumers. The sample was balanced as to gender and spanned a wide range of ages and experience in sales. Approximately 50% were college graduates.

Components of achievement motivation--work, mastery, and competitiveness--were measured by self-reports on three sub-scales of the Work and Family Orientation Scale (Helmreich and Spence 1978). Quality of selling performance was measured by self-reports of performance of the personal selling process, operationalized as six functions of selling and non-selling activities (Jolson 1974) that had been used previously in the literature (Comer 1996). A set of importance weights were used to combine the function scores into an overall measure of performance quality. A series of personal characteristics of the salesperson and characteristics of the sales job was also measured to provide statistical control and to rule out alternative explanations.

Regression analysis showed a significant positive relationship between the components of achievement motivation and overall quality of performance score (Adjusted $R^2 = .249$; $F_{8,53} = 3.128$, $p < .006$). The standardized regression coefficient for mastery motivation was positive and significant ($\beta = .32$, $p < .022$), but the coefficients of the other two motivation variables were not. Multivariate regression of the seven individual performance quality scores on the components of achievement motivation revealed a significant Wilk's lambda ($\Lambda = .149$, $F_{56,258} = 1.959$, $p < .001$). Relationships between selling effectiveness and mastery motivation were significant only for the functions of contacting, probing for needs, stimulating desire, retaining, and non-selling activities. The analysis suggests that mastery motivation is a highly desirable characteristic for salespeople that is likely to affect quality of performance and should be investigated further. Work and competitiveness did not impact quality of performance, but their impact on other aspects of performance, e.g., effort, needs to be investigated.

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HELP-SEEKING AS A MANAGERIAL TOOL FOR IMPROVING INDUSTRIAL SALESPERSON'S JOB SATISFACTION AND JOB PERFORMANCE

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ABSTRACT

Help-seeking could be a useful tool for salespeople to reduce job stress. A conceptual framework is developed that discusses some antecedents, consequences, and moderators of

the help-seeking behavior of industrial salespeople. It is suggested that the help-seeking and help-provision perspective may contribute to broaden the scope of sales coping research.

AN INVESTIGATION OF SALESFORCE EFFECTIVENESS AMONG CANADIAN FIRMS

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ABSTRACT

INTRODUCTION¹

A battery of twenty-one statements were used to study their importance in improving the overall effectiveness of the sales organization and to see if there are differences between managers at different levels and between high versus low performance firms. The scale has very good internal reliability (Cronbach alpha = .79) and has been used in the US and Australia previously.

FINDINGS

Based on the responses of forty-two senior managers and ninety-six field sales managers, there were significant differences between the successful firms versus the others. The following factors are found to enhance salesforce performance:

Establishing long-term relationships. This behavior-based factor has a significant impact on the ability of the firm to retain its existing customers. Successful firms emphasize the importance of increasing sales to existing customers rather than trying to obtain new customers at a high cost to achieve their profitability objectives.

Inter-departmental coordination. Firms that rate their salesforces highly on coordination feel strongly that this has resulted in lower sales expenses. Industrial marketers and purchasing agents are often frustrated in dealing with salespeople and technical support staff on an individual basis when these efforts are not coordinated by the seller.

Information systems capabilities. This is an excellent way to improve the effectiveness of

the firm especially in areas such as order taking, processing and customer service. Enhanced information capability is an important determinant of service quality.

Training of salespeople and field sales managers. While training is not inexpensive, the cost of losing customers or not achieving the firm's sales potential is far bigger. Our respondents felt very strongly that training would lead to better overall performance, higher average sales per salesperson, lower sales expenses and higher proportion of customers retained.

Field sales managers consider all of these variables to be more important than their senior sales executives (alpha < .01)

CONCLUSIONS

Lower performance firms have an important challenge in catching up with the higher performance firms. Areas such as training, building relations with customers and information system capabilities require more than just allocating funds. They require time and commitment and must become part of the culture of the firm as they are accepted by everyone. It is important to note that price, advertising and salesforce size are not rated near the top of the list. More effective firms are trying to establish long-term relations based on delivery customer satisfaction and service instead of price competition. Differences between the senior sales managers and field managers could be a significant source of role ambiguity and role conflict. Attempts to reduce the gap between them should lead to higher levels of satisfaction for the field sales managers and their salespeople.

¹Permission by Dr. David Cravens to use the survey is gratefully acknowledged.

ENTREPRENEURIAL PRICING: THE CINDERELLA OF MARKETING STRATEGY

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ABSTRACT

Pricing has tended to be the least creative element of marketing strategy, despite the fact that evidence from successful firms points strongly to the integral role of pricing in performance. This article suggests that effective pricing has much to gain from an understanding of the entrepreneurial process, and its dimensions: innovativeness, proactiveness and risk-

assumption. Because firms today operate in increasingly turbulent environments, a reluctance to be entrepreneurial in pricing could lead to stagnation or even demise. A checklist is also provided for practicing managers to use to determine the extent of entrepreneurial pricing behavior within their firms.

CORPORATE ENTREPRENEURSHIP, THE MARKETING MIX, AND BUSINESS PERFORMANCE

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ABSTRACT

Relationships are examined among a firm's corporate entrepreneurship (CE) behavior; pricing, product, and promotional strategy components; and business performance. There is a positive correlation between CE and each of these mix

factors; and between CE and business performance. There are stronger relationships between the marketing mix factors within consumer than industrial firms.

INTRODUCTION

The business history of the United States is based on individualism, creation of small businesses, innovation, and growth. Although smaller firms do not have the resources of larger firms, the innovation rate for small companies, on a per employee basis, is 50% greater than for large companies (Brady 1995). As successful small businesses grow in size, they also evolve as organizations. A paradox occurs. In zoology, as the absolute physical size of the species grows, so must the supporting structure grow absolutely and in complexity. Business growth also leads to complexity. For example, added staff, hierarchy, policies, and procedures are necessary to manage the business successfully. These changes, however, stifle the flexibility and individualism often needed for innovation. How does a large firm stimulate innovation when innovation is the antipathy of its daily activities?

The challenge for large, mature organizations is to simulate the attributes of the smaller entrepreneurial firm (Kuratko et al. 1993). This has become known as *corporate entrepreneurship (CE)*. The larger organization has a much wider variety and depth of resources than smaller firms. It can afford to take larger absolute risks. It has more aggregate knowledge. Simply put, the larger firm has reached a threshold level that enables it to undertake activities of which the smaller, entrepreneurial firm is not capable. 3M has a strong history of CE. Chrysler is an excellent example of CE being the conduit to survival, improving profits, and a bright future.

Covin and Slevin (1991) developed a CE model which stated that optimal performance was a result of congruence among the firm's environment, strategic variables (including business practices and competitive tactics), the nature of the organization, and the firm's entrepreneurial posture (*referred to in this study as corporate entrepreneurship behavior or CE*). The authors developed 44 separate propositions relating CE to various activities. Three of the propositions directly involved the marketing mix factors of product, promotion and price. Place, the fourth P, was not explicitly examined in their research. The key three P issues were:

1. CE is positively related to a firm's level of advertising and promotion effort.
2. CE is positively related to a firm's emphasis on product quality.
3. CE is positively related to the relative price (i.e., to competitors) of a firm's principal product(s).

In this study, we first evaluate the relationship between a firm's CE and its business performance. Next, we explore the relationships between a firm's CE and the three specified marketing mix issues.

BACKGROUND

The history of entrepreneurship parallels the history of capitalism. The entrepreneur was the driving force of capitalism's beginnings and remains the driving force of economic expansion today. The definition of entrepreneurship originated with the French economist Cantillon. With modifications by economists Smith, Mill,

and Say and expansion by Schumpeter (1934, 1954) the entrepreneur was defined as one who recombines existing factors of production or carries out new combinations in a firm.

The first step in describing CE is to determine those dimensions of individual entrepreneurship that translate to corporate entrepreneurship. Miller (1983) states that there is a continual need for *innovation, constructive risk-taking, and pursuit of new opportunities*. Other dimensions have been offered in various research papers, but there seems to be a consensus on those three (Morris and Lewis 1995; Zahra 1991).

CE is defined as an organizational process that encourages and practices these three dimensions: innovation (primarily product), risk-taking, and proactiveness (Miller and Friesen 1982). It allows the firm's leaders to recognize, anticipate, and properly respond to change both within and outside of the organization (Morris and Trotter 1990). The CE process enables the firm to create value by identification of market opportunities and the creation of unique combinations of resources to pursue these opportunities (Jacobson 1992).

With the rich history of entrepreneurship and the recent high level of interest in CE, the contribution by marketing scholars is growing. A strong relationship between the disciplines is needed for a variety of reasons (Hillis and LaForge 1992). The nature of both marketing and entrepreneurship is similar. Both are environment oriented, boundary spanning, analyze risk and uncertainty, and are highly involved in the complexities of human behavior.

Market orientation is the direct link between marketing and CE. Kohli and Jaworski (1990) state that market orientation is the firm's implementation of the marketing concept Building on their earlier work, Jaworski and Kohli (1993) state that it has three components.

- Company-wide generation of market intelligence related to customer needs.
- Sharing of this intelligence throughout the firm.
- Activities undertaken in response to this intelligence.

There is a definite relationship between the dimensions of CE and the components of the market orientation. The firm is:

- Proactive in obtaining intelligence.
- Innovative by recombining its resources to formulate a response.
- Implements the response, which will entail some degree of risk and uncertainty.

The implementation of the marketing mix is this response. It allows marketing managers to focus on the integration of several different factors to develop a statement of the firm's offering (Sheth, Gardner, and Garrett 1988). The firm's strategic execution of the marketing mix yields a perceived position of the offering within the mind of the potential customer.

RESEARCH HYPOTHESES

The initial research issue is whether *corporate entrepreneurship* (CE) is positively correlated with business performance. Hence, H_1 is the following:

- H_1 : There is a positive correlation between a firm's level of CE and its level of performance.

The other hypotheses investigate whether CE is positively correlated with the individual marketing mix factors. These are listed below:

- H_2 : There is a positive correlation between a firm's level of CE and its level of promotional expenditures.

- H_3 : There is a positive correlation between a firm's level of CE and its level of product quality.

- H_4 : There is a positive correlation between a firm's level of CE and its level of relative price.

METHODOLOGY

Measurement

CE is measured using Covin and Slevin's (1989) nine-question construct for strategic

posture. It incorporates earlier work by Khandwalla (1977), Miller and Friesen (1982), and Covin and Slevin (1986) to measure innovativeness, proactiveness to customers and competition, and risk-taking. A seven point Likert scale is used. The measure is the average of the nine questions. The Cronbach alpha in our study is .91.

A business performance construct is operationalized by Jaworski and Kohli (1993) with two judgmental questions. Respondents are asked for their opinion of the previous year's overall performance of their business and their overall performance relative to leading competitors. Admittedly, this results in a subjective rating of business performance. However, given the difficulties in obtaining accurate and reliable financial information that is of similar nature and time frame among respondents, as well as the outright refusal by many to release such information, subjective information is often more useful than objective financial data (Naman and Slevin 1993). Again, a seven point Likert scale is used with the measure being the average of the two questions. The Cronbach alpha is .84 in our study.

The marketing mix factor questions were based on the PIMS study (Buzzell and Gale, 1987). The PIMS research developed individual questions for measuring a business unit's position on the product and price portion of the marketing mix. Promotion was addressed as three expenditures- salesforce, advertising, and sales promotion. Consistent with the trend toward integrated marketing communications, this study combined these three into a single question. Relative promotional expenditures was measured as a disguised five point Likert scale. The respondent was asked whether the firm's expenditures, as a percentage of sales, were much more, somewhat more, about the same, somewhat less, or much less than the competition.

Relative product quality was profiled by asking the respondent to consider a broad definition of product quality (including intrinsic as well as extrinsic attributes). The question was "what percentage of the firm's sales volume (from the customer perspective) would be considered superior to the competition, equivalent to the competition, and inferior to the competition?" This was operationalized by assigning a value of "3" to a superior rating,

"2" to an average rating, and "1" to an inferior rating with the average being the reported measure for product quality.

Relative price was very straightforward. The respondent provided the average level of the firm's selling prices relative to the competition. Above 1.0 indicated higher prices, lower than 1.0 indicates lower prices. For example, a measure of 1.1 means that the respondent felt that Company X was 10% above the competition.

The Sample

The Tennessee Association of Business provided the mailing list for the survey. The organization represents over 1,800 diverse businesses with locations in the state of Tennessee. The sampling frame included only those members in manufacturing and with 25 or more employees. In accordance with the stated objective, questionnaires were sent to senior level managers at the firm's headquarters. One-third of these were located in other states. The result was a sample frame of 750 business units. Responses were received from 142 firms, a 19% response rate. Compared to similar published works, the response rate and sample size was respectable. Of these firms responding, 43 (30%) were consumer marketers, 92 (65%) were industrial marketers, and 7 (5%) were other or unidentified.

The outgoing survey package included a cover letter from the association president endorsing the study; the questionnaire; and an addressed, stamped reply envelope. The questionnaire was anonymous. There was a single mailing without pre-notification or follow-up.

Statistical Technique

All four hypotheses are tested using correlation analysis. Correlation is used to examine the strength and direction of the relationship between two variables when a linear relationship is believed to exist (Hanke and Reitsch, 1994).

In this study, the correlation analysis is performed as Pearson Correlation Coefficients. The Pearson (Product-Moment) Correlation measures the linear association between two variables. It requires the data be at least interval in nature (Siegel 1956). Since the direction of the

relationship is stated in the hypotheses and known in advance, a one-tailed test was used. The use of this research technique is well established in CE literature (Covin and Slevin 1986, 1989; Miles and Arnold 1991).

FINDINGS

The resulting correlation matrix for the five focal variables addressed in this study is shown in **Table 1**. The CE - business performance correlation has a $r = .34$ and is highly significant ($p < .001$). CE is correlated with price, promotion, and product quality at a marginally significant level ($p < .10$). In addition, business performance demonstrates a marginally significant relationship with promotion ($p < .10$), but its correlation with price and product quality are insignificant. Within the marketing mix correlations, the strong correlation between price and product quality ($p < .05$) mirrors the marketplace. Product quality appears to be weakly related to performance. The PIMS study (Buzzell and Gale, 1987) showed a correlation between ROI and quality of .27. This study

showed a correlation between performance and product quality of only .10 ($p > .10$).

Subgroup Analyses

While the macro analysis was insightful, subgroup analyses might reveal situations in which the study's variables evidenced stronger degrees of statistical significance. Micro analysis was conducted by: type of firm - consumer or industrial; and employee size - small (25-99), medium (100-499), and large firms (500 or higher).

Three significant correlations ($p < .05$) were found for the consumer marketers that were not evidenced in the overall study. These were Quality-Performance, Quality-Promotion, and Price-Promotion. Small firms expressed a stronger CE-Price relationship ($p < .05$) than the aggregate sample. Similarly, large firms had stronger Quality links with Performance ($p < .05$) and Price ($p < .01$) respectively. There were no significant differences observed for the industrial or medium sized firms.

TABLE 1
Correlation Matrix for CE, Marketing Mix Factors, and Business Performance

	CE	Price	Promotion	Quality	Performance
CE	1.0000 (140)	.1184 (136) p = .085	.1364 (131) p = .060	.1338 (136) p = .060	.3442 (138) p = .000
Price		1.0000 (138)	.0483 (132) p = .291	.1635 (136) p = .029	.0434 (136) p = .308
Promotion			1.0000 (133)	.0255 (132) p = .386	.1169 (132) p = .091
Quality				1.0000 (138)	.1030 (136) p = .116
Performance					1.0000 (140)

Note: Pearson coefficients, number of cases, and significance shown for each relationship.

Discussion

Promotion, price, and product quality were all positively correlated, at a marginally significant level ($p < .10$), with CE. This finding supports Covin and Slevin's (1991) propositions. CE incorporates these marketing mix factors into the implementation of competitive strategies and tactics. The positive correlation for price indicates that firms practicing higher levels of CE price their products above the market average. The positive correlation for promotion indicates that firms practicing higher levels of CE use greater amounts of marketing expenditures in reaching their present and potential customers.

The research also indicates that high product quality is more often used by firms practicing higher levels of CE, and correspondingly this suggests a higher price. However, high product quality is not synonymous with product superiority or increased product value. Most manufacturers tend to view product quality from internal, production standards, not from a customer viewpoint. Superior perceived quality is attained by developing product specifications and service standards that come closer to customer requirements than the competition. The development of greater product value is itself an innovative action, a core attribute of CE.

These findings support not only the Covin and Slevin (1991) proposed relationships between CE and the marketing mix factors, but also support the great amount of research touting the strong relationship between CE and the marketing function (D'Aveni, 1994; Slater and Narver, 1995). For example, D'Aveni in his 1994 work, *Hypercompetition*, states emphatically that today's ever-faster changing, competitively hostile, global business environments no longer allow steady growth, stable/isolated markets, or benign levels of competition. His thesis is that an entrepreneurial style, or CE as has been defined in this study, is an absolute requirement for today's successful firm. Responsiveness is critical.

Contingency theory leads to an emphasis on responsiveness to changes, threats, and opportunities in the environment and within the business unit. The differences found in this study, for consumer marketers and large and small firms, are examples of contingency theory

in action. Adaptability is a core CE attribute of proactiveness toward customers and competitors. Increased levels of CE allows the firm to be more responsive and more quickly implement needed strategies and tactics.

The responsiveness attribute relates directly to the growing use of relationship marketing. Grönroos (1994) states that the 4-Ps are too limiting in today's business environment. The marketing mix is more suited for the transaction based, consumer, packaged goods market. An alternative is to embrace relationship marketing where the emphasis is on the value-chain and long term customer benefits. This approach nicely dovetails with the goal of ongoing relationships in industrial and services marketing. Does this mean that the marketing mix concept is outdated? No! It may mean, however, that as marketers we need to expand how we evaluate and develop our strategies and tactics. The 4-Ps are still a valuable planning tool; perhaps, what should be emphasized is more of a contingency approach. Procter & Gamble will likely be using a marketing mix approach for Tide® for many years. In contrast, IBM switched to a relationship marketing approach for its computer mainframe customers.

CONCLUSION

Corporate entrepreneurship is positively correlated with business performance. After all, CE is the heart of a firm's strategic orientation and business performance is its measure of success. It is not surprising that corporate entrepreneurship is positively correlated with the marketing mix factors of product quality, price, and promotion. The marketing mix implements the firm's strategic objectives which flow from a CE orientation. The proactive nature of CE emphasizes a need to respond to the accelerating changes of the marketplace. Innovation determines the response. Calculated risk-taking leads to timely implementation.

The practice of CE has major implications for an advanced economy such as the United States. As firms grow, they become more complex. Large businesses have not been as innovative as smaller firms. Yet, large firms have the resources to be innovative, and the financial breadth to undertake the risks. Research has shown that the use of CE behavior by large firms increases the rates of innovation, global

competitiveness, profitability, and job formation. These are all positive attributes for firms practicing CE, their stakeholders, and society.

There are several opportunities for researchers to further the scope of these findings. The most obvious is to conceptualize and operationalize the fourth P (place or distribution) and measure its relationship with CE, the other marketing mix elements, and corporate performance in various business contexts. The scope can also be extended by utilizing different sampling frames. This could be (1) a broader U.S. base, (2) other industrialized regions such as European Union or Japan, and (3) selected newly industrialized countries such as Mexico or Indonesia.

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GOVERNMENT ASSISTANCE REQUIRED BY UK EXPORTERS: AN INVESTIGATION INTO THE EFFECT OF ETHNICITY

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ABSTRACT

This paper provides empirical findings concerning differences between Asian and indigenous¹ (white)-owned U.K. small and medium-sized enterprises (SMEs) in relation to export problems and assistance requirements. It

provides a contribution to the literature since the results question whether current export assistance targeting procedures are suitable for managers from different sub-cultures.

INTRODUCTION

A wide body of literature exists on the export behaviour of SMEs (see, for example, literature reviews such as Aaby and Slater, 1989; Bilkey, 1978; Katsikeas and Morgan, 1994; and Miesenbock, 1988), but the export behaviour of ethnic minority businesses from a U.K. perspective is a neglected area of study.

Although previous studies have addressed particular aspects of the behaviour of ethnic minority-owned firms, arguably, such research has tended to cover issues offering explanations for starting in particular types of businesses, with limited data on actual business practices and perceptions towards the assistance managers require in order for their firms to develop (see, for example, Basu, 1991; Krmar, 1987; Pardesi, 1992 for a more detailed discussion). Consequently, a review of the issues contained within this body of literature would not be relevant to this specific investigation, since previous research has attempted to explain cultural, developmental and managerial issues outside of the specific area of interest in this study.

Previous research has drawn attention to the need to recognise differences between managers from particular sub-cultures, since data suggests their propensity to become involved in entrepreneurial activities varies and that differences in business participation rates vary between trade sectors (see Ward, 1991 and economic indicators such as those from the Central Statistical Office [CSO] for more details). Data suggests that certain trade

sectors with high export ratios, e.g., clothing, have a significant percentage of ethnic minority-owned firms operating within them.

This paper addresses this gap in the literature and reports on the findings from a government funded study into the behaviour and export assistance requirements of ethnic minority-owned businesses. The objective underlying the ongoing study is to ascertain whether ethnicity has an impact on export behaviour and in particular, assistance requirements. Arguably, if this objective is substantiated, public policy makers may need to rethink their approach towards the delivery of assistance in order that scarce resources are not wasted. Specifically, the findings within this investigation provide a comparative analysis between Asian and indigenous-owned firms' perceptions towards problems and government assistance requirements in their export operations.

A REVIEW OF THE LITERATURE

Investigations into how policy makers can effectively address the problems perceived by managers and offer support which facilitates successful export operations have been the subject of a number of studies related to the area of exporting (see for example, Czinkota, 1982; Diamantopoulos et al., 1993; Naidu and Rao, 1993; Seringhaus and Rosson, 1990). Within the context of these previous studies, Crick and Czinkota (1995) point out, there is only so much governments can do to assist firms in export matters (see for example, Campbell, 1987; Kotabe and Czinkota, 1993).

This study concentrates on the problems and assistance requirements at the operational level, since the domain of macro-economic policies are, in the main, outside the influence of SMEs. Additionally, it is not the aim of this work to look at specific government assistance programmes which are being offered, as this would imply that we are providing an evaluation of these programmes. When addressing the issue of firms' assistance requirements, Crick (1995) reports that the U.K. government currently targets firms using two criteria for specific services, namely, their stage of export development (internationalisation) and firm size; ethnicity does not feature in policy makers' targeting criteria.

In reviewing the literature on problems in exporting, it becomes evident that the broad topic has been approached from a number of different directions. In a paper investigating differences in managers' perceptions of exporting problems based on firm size and export market experience, Katsikeas and Morgan (1994) based on an extensive review of the literature, aggregated this into several categories, namely: external problems, operational problems, internal problems and informational problems. Further evaluation of these categories results in two common bases. First, there are problems that are primarily managerial in nature and they tend to be perceptual rather than actual. They concentrate on the variance in perceived risks of managers ranging from a lack of experience in the early stages of export development to those considered more serious once experience in export operations has been attained. Second, there are problems that are resource based or infrastructural in nature. Studies also highlight factors concerned with domestic and foreign government regulations, resources and knowledge (see for example, Katsikeas and Morgan 1994; Kedia and Chhokar, 1986; Samiee and Walters, 1991; Yang et al., 1992 for a more detailed discussion). Consequently, this becomes a multi-dimensional issue as the studies suggest this is also a function of a number of firm-level characteristics, for example, factors associated with a lack of experienced employees within SMEs.

The review of the literature emphasises the need for government policy makers to attain a greater understanding and appreciation of the needs of exporters in order to surmount export problems. Additionally, no studies have looked

at the effects of ethnicity within this context, a gap in the literature addressed in this paper.

METHODOLOGY

At the exploratory stage of this study, depth interviews were undertaken with 34 managers from an Asian background in order to obtain an insight into key export behaviour and attitudes towards problems and assistance requirements. This was supplemented with a sample of managers of an indigenous origin to provide comparative data. The sample size was based on time and cost restrictions together with the problem of obtaining an accurate sampling frame of ethnic minority-owned firms and a willingness of managers to be interviewed. The interviews allowed the formulation of a structured questionnaire based on factors deemed as important from a review of the literature and relevant to the managers in the population under investigation.

When attempting to identify a suitable sampling frame for the substantive part of the investigation, although 'general' sampling frames were available for firms giving no indication of whether or not they exported and more specialised sampling frames were available for exporting firms, neither gave any indication of the ethnic origin of the owners. This was anticipated in the research, since previous studies have experienced problems in developing a sampling frame of ethnic businesses (see for example, Krcmar, 1987; Pardesi, 1992). Furthermore, these studies suggest that certain government bodies and trade associations have limited access to ethnic minority-owned firms.

Two sampling frames were used in this study. First, a questionnaire was mailed to 5000 firms, approximately half of the companies in the last edition of the Sells Export Directory (1994 was the final edition). Alternate firms were drawn from the directory, except where distributors, associations and the like were listed as these were omitted since the study was restricted to manufacturing firms. Previous use of past editions of the directory indicated that it contained committed as well as marginal and non-exporters and consequently provided the required variation in firms' export intensities to represent firms at all stages of the internationalisation process. Second, it was concluded from the literature review that no

single sampling frame would be located for ethnic minority-owned firms and one would have to be constructed in the course of the study. The Department of Industry and local council advisory boards were contacted and from these discussions a sampling frame of 800 firms was constructed of Asian-owned firms. Although the sampling frame was by no means considered complete since it was developed from various sources, but was nevertheless thought to be a credible indication of the population under study.

In calculating the overall response rate, 397 questionnaires were returned by the postal service since firms had ceased trading (this was not unexpected, since as previously mentioned, the first sampling frame was one year out of date); 58 firms were not manufacturers; and 71 replied stating they were either too busy or it was not company policy to respond. A total of 1479 responses were obtained representing an overall response rate of 28.04 percent. Since 231 respondents either refused to state the ethnic origin of the firm (in certain cases suggesting it was not relevant or a racist question) or their firms were large public companies, these were excluded from the analysis in this paper. Consequently, the sample sizes in this investigation were 342 Asian and 906 indigenous-owned firms employing under 250 staff², in line with DTI criteria, providing a response rate of 23.66 percent.

For comparative purposes, statistical differences are examined for the two present methods used by U.K. government policy makers for differentiating between firms, i.e. internationalisation and size of firm. However, as Crick (1995) points out, the approaches used by the government are subjective and not in line with accepted models in the literature. Even so, although these approaches are subjective and open to criticism, an eight stage model of the internationalisation process was employed³, whereas a three stage categorization of firm size was administered⁴ in this study.

FINDINGS

The analysis which provides the focus of this paper commences with an investigation into differences between the two groups of

managers in relation to the problems perceived in exporting and the results are summarised in [Table 1](#). The results in [Table 1](#) indicate a number of significant perceptual differences between Asian and indigenous-owned SMEs in relation to problems faced in exporting.

As [Table 1](#) suggests, the problem areas exhibiting statistical differences between Asian and indigenous-owned managers were: advertising, sales effort, marketing information gathering, information on business practices, communication, obtaining financial information, financing, funds transfer, providing quality control and providing repair service. [Table 1](#) also indicates that there were insignificant perceptual differences between the two groups of managers regarding the other eleven problem areas under investigation. A number of statistical differences were also observed in relation to the two areas presently used by the government for targeting export assistance. Moreover, it appears that based on the results of this study, there are a number of statistical differences between the problems perceived by the two ethnic groups of managers, approximately half the variables under investigation. Consequently, if this translates itself into a similar set of findings for managers' assistance requirements, it would appear that policy makers may have a need to differentiate between the two groups and offer tailored export assistance.

Turning now to the assistance requirements of the two groups of firms, [Table 2](#) details the findings for the same twenty one factors related to export practices. An analysis of the results presented in [Table 2](#) shows that they are fairly consistent with those in [Table 1](#) and indicate that twelve factors provided statistical differences between the two groups. The results in [Table 2](#) suggest that the following factors provided statistical differences between the two groups: physical product, advertising, sales effort, marketing information gathering, information on business practices, communication, obtaining financial information, financing, funds transfer, pricing internationally, providing quality control and providing repair service. A number of statistical differences were also observed in relation to the two areas presently used by the government for targeting export assistance.

TABLE 1
A Comparative Analysis of the Problems Faced by Asian and Indigenous-Owned Firms

Problem	Asian (n = 342)	Indigenous (n = 906)	Ethnicity		Int Stage	Firm Size
			F Ratio	F Prob	F Prob	F Prob
Physical Product	2.25	2.31	.7678	.381	.000*	.252
Advertising	2.47	2.70	9.21	.002*	.000*	.990
Sales Effort	2.85	3.14	14.33	.000*	.000*	.004*
Market Inf. Gathering	3.07	3.52	38.09	.000*	.000*	.000*
Inf. on Business Practices	2.73	3.13	31.09	.000*	.000*	.000*
Communication	2.64	2.81	5.71	.016*	.000*	.008*
Arranging Transport	1.95	2.04	2.09	.147	.000*	.399
Trans. Rate Determination	2.02	2.09	1.28	.256	.000*	.939
Handling of Documentation	2.50	2.43	1.07	.299	.000*	.548
Obtaining Financial Inf.	2.74	2.91	5.91	.015*	.000*	.142
Distribution Co-ordination	2.08	2.16	1.90	.167	.000*	.126
Financing	2.51	2.89	23.14	.000*	.000*	.016*
Funds Transfer	2.40	2.56	4.78	.028*	.000*	.110
Packaging	1.99	2.02	.180	.671	.000*	.150
Obtaining Insurance	2.18	2.09	1.88	.169	.000*	.514
Pricing Internationally	2.52	2.52	.0002	.988	.000*	.004*
Providing Parts Availability	1.83	1.79	.4065	.523	.004*	.005*
Providing Quality Control	2.09	1.90	9.81	.001*	.007*	.043*
Providing Repair Service	1.83	2.01	6.94	.008*	.000*	.010*
Pro. Design/Tech Advice	1.92	1.95	.2669	.605	.000*	.065
Providing Warehousing	1.94	1.99	.6544	.418	.007*	.948
MANOVA				.000*	.000*	.000*

Alpha = .9008; * Significant at the 95% level. The questionnaire asked respondents to please indicate how much of a problem it is to deal with each of the factors in exporting. Responses were obtained on a 5 point scale ranging from 1 = None at all, to 5 = To a large extent.

DISCUSSION

When comparing the findings concerning the perceived problems and export assistance requirements of Asian and indigenous-owned firms in the U.K., some interesting statistical differences were observed. Tables 1 and 2 indicate that several factors provided the greatest differences in the assistance requirements perceived by Asian and indigenous managers. Specifically, these factors related to the areas of information, financing, and to a lesser extent promotion and are consistent with Crick and Czinkota (1995) and Czinkota (1982), although those studies investigated exporting firms generally and did not categorise them by ethnic origin. The investigation therefore suggests that ethnicity does play a limited role in the export

behaviour of SMEs, arguably making it perhaps incorrect to generalise from large scale surveys regarding the export practices of firms where ethnic origin has not been a factor under investigation. This has implications for policy makers who may need to reconsider the type of assistance offered and the way in which it is delivered, both at the local and national level.

From the results of this investigation, it appears somewhat inappropriate to offer generic programmes to both indigenous and ethnic minority-owned SMEs. Consequently, the way in which policy makers target export assistance programmes between groups of firms could be questioned. Moreover, if export growth in ethnic minority-owned businesses is to be a major consideration, only by developing

TABLE 2
A Comparative Analysis of the Government Assistance Requirements of Asian and Indigenous-Owned Firms

Assistance	Asian (n = 342)	Indigenous (n = 906)	Ethnicity		Int Stage	Firm Size
			F Ratio	F Prob	F Prob	F Prob
Physical Product	1.94	2.15	9.56	.002*	.002*	.000*
Advertising	2.49	2.91	25.67	.000*	.000*	.202
Sales Effort	2.59	3.05	31.52	.000*	.000*	.109
Market Inf. Gathering	2.94	3.55	63.35	.000*	.000*	.000*
Inf. on Business Practices	2.72	3.10	24.01	.000*	.000*	.000*
Communication	2.36	2.65	15.13	.000*	.000*	.168
Arranging Transport	1.86	1.91	.4467	.504	.000*	.006*
Trans. Rate Determination	1.83	1.89	1.17	.277	.000*	.229
Handling of Documentation	2.41	2.31	1.68	.195	.000*	.526
Obtaining Financial Inf.	2.61	2.97	21.37	.000*	.000*	.097
Distribution Co-ordination	1.90	1.90	.0221	.881	.000*	.008*
Financing	2.50	3.06	42.90	.000*	.000*	.011*
Funds Transfer	2.24	2.53	13.00	.000*	.000*	.020*
Packaging	1.80	1.84	.331	.565	.000*	.101
Obtaining Insurance	2.22	2.22	.0001	.992	.000*	.163
Pricing Internationally	2.18	2.36	5.29	.021*	.000*	.049*
Providing Parts Availability	1.73	1.64	2.11	.146	.040*	.006*
Providing Quality Control	1.86	1.71	6.14	.013*	.008*	.001*
Providing Repair Service	1.76	1.64	4.12	.042*	.038*	.000*
Pro. Design/Tech Advice	1.89	1.84	.4836	.486	.170	.001*
Providing Warehousing	1.71	1.81	2.10	.147	.001*	.029*
MANOVA				.000*	.000*	.000*

Alpha = .9261; * Significant at the 95% Level. The questionnaire asked respondents to please indicate how would your firm's performance improve if the government were to offer assistance in these areas. Responses were obtained on a 5 point scale ranging from 1 = None at all, to 5 = To a large extent.

an appreciation of culturally specific characteristics of these firms can resources be utilised effectively. Public policy makers need to ensure that they do not attempt to impose formal, marketing constructs used by large (probably indigenous-owned) firms on ethnic minority-owned SMEs, as these may be counter productive.

The comparative findings suggested that there were a number of statistical differences between the perceived problems of both Asian and indigenous-owned SMEs in relation to their exporting operations. This provides evidence to suggest that the U.K. government's assistance could be differentiated in order to address different export problems, based on ethnic considerations in addition to the current two

segmentation bases. A greater number of statistical differences were apparent when exporters were asked to rate their assistance requirements in relation to the same export operations. Therefore, where pragmatic to do so, tailored rather than generic assistance may be required by the groups of managers so that scarce resources are targeted efficiently. Nevertheless, the findings from the quantitative stage of the study reported in this paper only provide aggregated statistical data and the intrinsic reasons behind the results require more detailed investigation using a qualitative approach.

Additionally, it is important for policy makers not to limit their concerns to the statistical differences reported, but to also

focus attention on the mean values shown in **Tables 1** and **2**. For example, irrespective of whether statistical differences exist between Asian and indigenous-owned firms in relation to particular problem and assistance areas, the fact that all managers (in aggregate terms) rated certain factors highly in terms of problems and assistance requirements, indicates that special attention may be warranted by policy makers so that they can more effectively assist all firms. However, since the major focus of this paper is to highlight the differences between firms based on their ethnic background, it would be outside of the scope of its coverage to expand fully on this point.

Although not reported in the tables, the in-depth interviews used at the exploratory stage of this investigation provided some additional findings which may help explain some of the data commented upon earlier and offer considerations for policy makers. Even so, caution needs to be taken in interpreting the qualitative findings. For example, the interviews were conducted on a limited sample size and discussed general issues related to factors in the questionnaire rather than specifically determining a rationale to explain the quantitative results reported in this article. An interesting observation was that many Asian-owned firms rated a number of factors as less of a problem and in need of assistance than indigenous-owned firms. Although the interviews did not address the issue of differences between the ethnic groups concerning particular factors under investigation, as with previous research (see, for example, Pardesi, 1992) it did uncover a general negative attitude towards organisations outside of the ethnic grouping which may reveal a distrust in their involvement in providing assistance. This creates a problem for policy makers in the way in which assistance is delivered and the government's initiative towards employing specialist business advisors may go some way towards solving this issue. However, it should be reiterated that some cultural attitudes in ethnic minorities may be difficult for policy makers to change, nevertheless, the findings of this study offer a foundation on which future research can be built.

NOTES

¹The term 'indigenous' might be considered to be misleading when it could be argued that 'white' should have been used instead (albeit

the term white was incorporated in brackets immediately after the first mention of the word indigenous to clarify the matter). Asian-owned firms are as much indigenous as those firms owned by white managers, especially where second and sometimes third generation Asian managers own them. Also, it should be recognized that for the purposes of this study, the term 'Asian' is used in the normally agreed UK context, i.e. originating from the Indian sub-continent, rather than, for example, South East Asia.

²It is widely recognised that in certain U.K. industries, e.g. clothing, the use of many 'out-workers' by these firms makes categorisation by firm size difficult (Jewson et al., 1992).

³There is no single agreed model of the internationalisation process of the firm, albeit that the U.K. government currently use a three stage model of: non-exporters, passive and active exporters (see Crick, 1995 for a recent more detailed discussion). In the course of this investigation an adapted eight stage model from the work of Campbell (1987) was employed in an attempt to overcome the limitations of previous work: (1) Our firm has not exported and would not fill an unsolicited order; (2) Our firm has not exported but plans on doing so in the future or is willing to explore the possibility of exporting; (3) Our firm has exported in the past but is not currently engaged in exporting and does not plan to export in the future; (4) Our firm has exported in the past but is not currently engaged in exporting. However, it plans on doing so in the future; (5) Our firm would or does fill unsolicited orders but currently does not actively seek foreign orders; (6) Our firm does export and actively explores export opportunities. Current export sales equal 10% or less of our production; (7) Our firm does export and actively explores export opportunities. Current export sales equal more than 10% of our production; (8) Our firm does export and actively explores export opportunities. Foreign market opportunities receive the same attention and emphasis as domestic (U.K.) opportunities

⁴There is no single agreed method to categorize firms by their size (see for example, Carson et al., 1995 for a recent detailed discussion). In the course of this investigation a subjective three stage model was employed using the following categories of employees: micro firms 1-10; small 11-50; medium 51-250.

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A COMMENTARY ON: *SOCIAL RESPONSIBILITY AND THE MARKETING EDUCATOR*

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ABSTRACT

The *Academy of Marketing Science* marketing educator code of ethics drafted by M. Joseph Sirgy (1996) is a welcome addition to the literature in ethics. In a commentary on this paper, the authors discuss the concepts of "Social responsibilities in relation to certain publics" and "Social responsibilities in relation to certain actions", as presented in the Sirgy paper, in terms of each stakeholder group and along several ethical theories. Finally, the proposed AMS code of ethics is compared to the ethics codes of other marketing organizations.

In *Social Responsibility and the Marketing Educator: A Discussion Document*, a code of ethics for the marketing educator is proposed (Sirgy 1996). This code of ethics is somewhat unique in the fact that it is aimed specifically at marketing educators rather than marketing practitioners -- the typical target of ethics codes. While such a code is timely and much needed, the proposed code is still in its infancy and deserving of greater scrutiny and analysis to strengthen it. By examining and expanding on two basic concepts of the proposed code, namely the "Social responsibilities in relation to certain publics" and the "Social responsibilities in relation to certain actions", the authors hope to contribute to the further refinement of the AMS marketing educator code of ethics.

Each of the two sets of "Social responsibility" concepts alluded to above are examined in light of each of the five stakeholder groups: Faculty Colleagues, the University, Students, Business/Nonbusiness Firms, and Other Publics. Examples of desirable and/or undesirable marketing educator behaviors with regard to each of these groups is given for each of the "Social responsibilities" presented in the Sirgy (1996) paper. Then the ethical theories

of teleology, deontology, hybrid, and objectivism are applied to each of the two sets of "Social responsibilities". The authors conclude with a comparison of the marketing educator code of ethics to the codes for the American Marketing Association, the Marketing Research Association (MRA), Council of American Survey Research Organizations (CASRO), Qualitative Research Consultants Association (QRCA), American Association for Public Opinion Research (AAPOR), and the Direct Marketing Association (DMA). Through observing the similarities and differences between the codes, a better understanding of the strengths and weaknesses of the proposed marketing educator code is developed.

In conclusion, more attention should be paid to the underlying ethical theories of the proposed AMS code, as this may prompt a restructuring of the code. Continued examination and evaluation of the proposed code through discussion and commentaries should be encouraged as this may help to further refine the code. The basic tenets espoused by the code are sound and comprehensive as revealed in the comparison of the marketing educator code to the ethics codes of other marketing organizations. The attempt by Sirgy (1996) and the AMS Board of Governors is to be commended, as it is a significant step toward the development of a code of ethics for marketing educators.

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A CRITIC'S VIEW OF THE PROPOSED AMS CODE OF ETHICS

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ABSTRACT

Previous calls for a specific code of ethics for the marketing professorate were ignored until the AMS Board of Directors undertook the project. The proposed Code of Ethics is largely the work of the principal author, M. Joseph Sirgy. Clearly, Dr. Sirgy should be congratulated for his work.

The resulting code is now being publicized for critique and comment. As a former member of the AMS Board of Directors, this writer remains critical of the proposed code. Specific areas of concern include the need for the code; its confusing format; the code's prescriptive nature; and, conflicts with academic freedom and existing institutional policies.

ADVERTISING AT THE CROSSROADS: HOW IT MUST CHANGE IN THE NEXT CENTURY

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ABSTRACT

Changes in markets, the competitive environment, organizational design, and technology that are already underway will profoundly alter the nature of advertising in the 21st Century. The present paper provides a review of these changes and offers a discussion of their likely impact on both the context and execution of advertising in the next century. Opportunities for research to guide future advertising practice and theory building are identified.

The fundamental thesis of the paper is that the optimal design of marketing information systems within the firm should be determined by the way customers will deal with information in the future. While considerable research has examined the design of information systems within the firm, there has been scant attention to how consumers are adapting to changes in the information environment. Yet, the research that has been carried out suggests that the flow of information is increasingly under the control of the consumer. In addition, information has greatly expanded the options available to consumers and significantly increased the variability of customers within the market place. Information has increasingly become a part of the products and services offered to consumers, and the information systems of the firm and the customer are rapidly becoming more

intertwined. These changes in the market place suggest that there is a need to examine the customer side of the information equation as well as the information needs of the marketing organization.

Traditional approaches to advertising practice and research implicitly assume that advertising is something the firm does to the consumer. The present suggests that in the future it will be more important to understand what consumers do to advertising. Control theory, which explicitly considers the role of purpose as a guide for understanding behavior, is proposed as a theoretical framework for understanding the processes by which consumers self-select information for attention, processing, and use. Self-selection of both the sources from which information may be obtained, and the way this information is processed, is an increasingly important determinant of consumer behavior. Market information systems that fail to consider the customer control of information will, at best, be incomplete, and potentially misleading. Further, only by understanding how consumers respond to information is it possible to fully integrate all elements in the marketing mix. Normative implications of this change in perspective are discussed.

SERVICE CONSTRUCTS AS FOUNDATIONS FOR ADVERTISING THEMES

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ABSTRACT

In 1981, William George and Leonard Berry observed that "despite the growth and importance of service industries, there has been little work published specifically on the advertising of services" [1981, p. 52]. That observation remains mostly true today, with scattered attention to the subject in both the advertising and services management literature. However, it is fundamental that advertising of products tends to focus on the object, while that for services tends to focus on its very nature, that of a performance. This means that the demarcation between corporate advertising and that for specific offerings of the firm, is less clear. The quality of the performance by the service provider is mostly inseparable from the quality of the service provider itself.

The purpose here is to examine several key constructs emanating from services management theory and research and see how those constructs are reflected in advertising campaigns by a variety of service providers. All of the advertisements, since they focus on the service provider's performance, contain elements commonly associated with corporate advertising. Specifically the constructs examined are: (1) reflecting the organization's culture, particularly the "seamlessness" of the

service offering; (2) tangibilizing of the service offering; (3) emphasizing the peripheral aspects of the offering, rather than the core service; (4) setting of expectations for the potential customer, including the phenomenon of "over promising; (5) focusing on the quality of what is being delivered by the service provider; and (6) focusing on the value received by the customer. Students in MBA classes at the University of Michigan were asked to survey recent print advertising for service providers and to choose advertisements that illustrate, in their judgment, the constructs above. All of these students are familiar with the services literature and were trained about the constructs. 723 ads were reviewed and examples of those related to the six constructs were found.

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AFFECTIVE PERCEPTIONS OF A RETAIL ATMOSPHERE

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ABSTRACT

Most studies of retail atmospheric effects on consumers have examined the impact of one or two variables rather than perceptions of the retail environment as a whole. Rather than focusing on the influence of particular variables on a shopper's behavior, this paper explores consumers' affective perceptions of a complete or "macro" retail environment.

In this field study, the authors develop and test a scale that measures the affective perceptions of a retail environment by expanding the typology of atmospherics developed by Berman and Evans (1995). The scale proposed here argues that a retail environment is composed of five categories of atmospheric variables. These variable categories are external variables, general interior variables, layout and design variables, point-of-purchase and decoration variables, and human variables.

Atmospheric affect is measured by using a five point likert scale item for each of the variable categories. The authors test this scale in a fast-food restaurant setting. Respondents were approached as they exited the restaurant and asked to evaluate the environment along these five dimensions. A total of 103 usable questionnaires were obtained over a four day period using this method.

The results indicate that the general layout and design category of variables is not as important in the formation of affect for a fast-food restaurant as are the other four categories of atmospheric variables. When the layout and design variable is eliminated from the analysis, the resulting coefficient alpha for the scale is 0.7175. Nunnally (1978) argues that in the early stages of research reliability measures of 0.70 or higher are sufficient.

Although this is likely to change in other types of retail stores, the results of this study indicate that the affective perception of a fast-food restaurant is primarily influenced by external variables, general interior variables, point-of-purchase and decoration variables, and human variables. Clearly, more research which examines retail environments from a macro perspective is warranted.

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INTERNAL AND EXTERNAL PROMOTIONAL REFERENCES: AN EXAMINATION OF GENDER AND PRODUCT INVOLVEMENT EFFECTS IN THE RETAIL APPAREL SETTING

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ABSTRACT

Consumer motivation has been a fairly popular theme in retail research during the past several years. With industry downsizing a prevalent phenomenon, marketers must "narrow-cast" rather than "broadcast" marketing efforts by directing promotional activities to specific groups of people. When retailers can identify the influence that convinces their target customer to make a purchase, they are better able to reach those consumers through effective promotional programs and thus enhance company profits.

Promotional avenues that a retailer might pursue can be classified as either internal to the retail store or external to the retail store. Internal promotional avenues would include in-store and window display and personal selling assistance on the sales floor. External promotional activities would include various forms of advertising (including newspaper, television, and billboard), catalogs, and publicity (including product presentation in magazines, television programs and videos). Retailers must decide whether internal or external promotional avenues, or both are appropriate for their customer base.

The purpose of this study is to examine what effects, if any, product category involvement and gender have on consumer's use of internal and external promotional activities in the retail clothing setting. Apparel was chosen as the research vehicle because of its personal nature, visible psychological risk and because it accounted for almost 6% of American house

hold expenditures in 1992. Several authors further justify clothing as an appropriate vehicle because it is one of few products that maintains a varied level of personal relevance but is still perceived as a reflection of one's self image.

A national random sample of 457 male and 170 female consumers participated in the study. Results indicate that gender has no effect on the internal and external promotional references used by consumers. Furthermore, results indicate that consumers' use of promotional activities both internal and external to the retail store setting are affected by product involvement.

The need for in-store merchandising attention is getting attention in the popular press (Bartles 1993). Corwin (1993, p. 51) states that "presentation is more important today than ever before, because we feel that the real battlefield of the nineties is at the point-of-purchase." Such a contention holds true especially for consumers who are highly involved in a particular product category.

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**AN EXPLORATION INTO THE ROLE OF RETAIL
CHARACTERISTICS ON SMALL RETAILERS'
PERCEIVED CONTROL, CONFLICT, AND
SATISFACTION WITHIN AN EMERGING
CHANNEL OF DISTRIBUTION: THE
CASE OF REGIONAL BUYING MARTS**

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ABSTRACT

Channel dynamics for a sample of small retailers were examined with respect to these retailers' perceived control, conflict and satisfaction within the channel of distribution. The respondents were customers of a regional buying mart that is emerging as a new channel

of distribution to retailers of apparel, furniture and giftware. These results revealed that small retailers experience greater control and satisfaction within this type of channel. In addition, conflict levels tended to be minimal and did not vary across retailer characteristics.

SEASONAL MARKDOWN STRATEGIES OF APPAREL RETAILERS: AUDIT EVIDENCE AND CONSUMER PREFERENCES

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ABSTRACT

This paper draws upon two cases studies of leading retailers of apparel in the UK, illustrating the marketing, buying and logistical measures taken to control markdowns. Evidence is also presented from audits of pricing and markdown activities between 1993-96, providing

unusual insights into the depth and spread of markdowns. Results are drawn from a major study of over 1,000 'sale' shoppers, indicating clear preferences of markdown frequency, depth and coverage.

INTRODUCTION

The enduring importance of 'season sales' is scarcely discernable from the marketing and retailing literature. Although item price promotions have received extensive attention (e.g. Biswas and Blair 1991; Lichtenstein et al. 1991; Gupta and Cooper 1992; Biswas et al. 1993), little attention has been given to 'sales' at the broader, store-wide level. The significance of the 'sales' does however extend far beyond the sum of individual price reductions. Paradoxically, it has taken the growth of EDLP (everyday low pricing) and its antithesis high-low pricing, to promote academic interest in 'sales'. This paper pursues four main objectives.

1. To review, necessarily briefly and selectively, and summarize the relative merits of EDLP and high-low pricing, these representing the continuum along which 'seasonal sales' may be positioned.
2. To evaluate the objectives and strategies vis a vis 'sale' markdowns of two leading apparel chains, based upon top level case study interviews.
3. To present quantitative evidence of the depth, spread and recent trends in seasonal markdowns, based upon a unique monthly audit of markdowns in the stores of 21 women's wear chains.

4. To assess consumer preferences for the frequency, and duration of 'sales' markdowns, drawing upon a survey of over 1,000 shoppers.

HIGH-LOW, EDLP AND 'SALES'

Marketing writers frequently intimate that a perpetual spotlight on low prices can damage store credibility and cheapen store images (e.g. Berry 1986). Yet, relatively few studies have acknowledged the role of 'sales' in the formation of an overall image (Lindquist 1974). Price comparisons, for example *Was \$39.99, Now only \$29.50*, allow retailers to draw attention to isolated cases of low prices which customers 'generalize' (Nystrom, Tamsons and Thams 1975) across the whole store to affect an image of good value. 'Sales' also influence store positioning through dimensions other than price, including larger crowds, 'seconds' and 'end of lines', a change in ambience, poorer service, etc. The physical appearance and behavior of a store's clientele also contribute to shaping its image (e.g., Zeithaml, Parasuraman and Berry 1985), and therefore '*meet(ing) a lower class of shopper in these sales*' may also down-grade retailer's image (Prus 1986).

Concerns about the potentially damaging effects of excessive markdown activity has stimulated the debate on relative merits of Everyday Low Pricing (EDLP) vs. high-low

TABLE 1
Relative Merits of EDLP and High-Low Pricing

Everyday Low Pricing	High-Low Pricing
<ul style="list-style-type: none"> • Reduced price wars • Reduced promotional advertising • More efficient use of store personnel • Improved inventory management • Increased profit margins • The retailer can concentrate on being a seller, rather than a deal buyer • Less buyer time spent managing 'sale' events and more time merchandising the entire line • More consumer appeal: price perceived as more honest 	<ul style="list-style-type: none"> • Price discrimination: merchandise appeals to multiple market segments • Creates excitement • All merchandise can be sold eventually • Price confusion reduces awareness of prices • High initial prices guide customers' judgments of product and store quality • EDLP can be extremely difficult to maintain

Derived from Bates (1990), Ortmeyer et al. (1991), Weinstein (1992), Campanelli (1993), Hoch et al. (1994), Levy and Weitz (1995) and case studies

pricing. Much has been said in support of the EDLP approach. The strengths of the opposing strategies are summarized in [Table 1](#). However, despite the asymmetric column lengths and the implied superiority of EDLP, simple observation confirms that the high-low type stores (i.e., those using price promotions and 'sales') still greatly out-number EDLP operators. A more comprehensive account of these strategies is provided by Betts (1996).

METHODOLOGIES

Case Studies

The case studies focused upon four leading retailers, two in the variety (mostly clothing) store sector. Given the sensitivity of pricing strategies, access was negotiated at the highest level and marketing directors/managers were the key respondents, more specific data being provided by research departments. Access to published and private documents supplemented and informed the case interviews. It is not possible to name the specific organizations but each is amongst the top five in the sector. The two companies run a total of 263 UK outlets, average size 30,000 sq. ft., plus activities in other countries.

Audit of Prices and Markdowns

Given the qualitative nature of the case studies, it was appropriate to triangulate upon

the key issues, using a more objective and quantitative research tool. To this end, access was negotiated to an audit of prices and markdowns over a three year period, 1993 to 1996. Auditors visit a sample of branches from 21 women's wear and 18 men's wear chains, representing 50% of all UK apparel retailing, by market share. They note prices, the number of styles marked down and the percentage markdowns. In spite of the limitations of once a month audits, and the exclusion of small scale retailers, this represents the best source of data on apparel retailers' markdown activity in the UK.

Consumer Surveys

As part of a wide ranging investigation of 'seasonal sales' and consumer responses, a major survey was conducted in 1995 and 1996. It was divided between the July and January 'sales' in two large centers and two small centers in England and Scotland. The questionnaire was developed through two focus groups, a pilot survey of 50 shoppers and a test survey involving 100 shoppers. As the final questionnaire comprised over 100 variables, the decision was made to split this into two parts. Part I administered at the malls: the longer, part II questionnaire was mailed back to the university.

Using sample quotas based upon gender and age, the mall intercept approach was used

to administer a sample of 2,623 part I questionnaires. The response rate of part II questionnaires was 44.6%, aided by a cash prize draw and the commitment established through completion of part I. After the elimination of cases deemed insufficiently reliable after seven consistency checks, the resulting sample of complete cases was 1,048. Space does not permit the inclusion of the full questionnaires. Specific questions and scales that are germane to the theme of this paper are presented with the summary of results. Within the questionnaires, extensive use was made of agree-disagree scales. Following the pilot interviews, a modified version of the Likert scale was used, ranging from -3 (disagree strongly) through zero (neutral) to +3 (agree strongly). This was found to give a better spread across the seven scale points, as well as reducing the likelihood of directional errors.

SALES STRATEGIES

Stated Policies and Practices

In the early years of the recession, the stockrooms of company A were so full that stores were unable to receive the new season's stock. Buying had become unresponsive to customer needs, and stock control was appalling. A new management team has introduced many changes, leading to significant recovery of gross margins. A total interlinking of marketing, merchandising and buying has increase customer focus, reducing buying errors. The re-engineering of the supply chain, with few suppliers, tighter specification controls and reduced lead times, has reduced unwanted stocks. A 'first price, right price' philosophy has turned against inflated, original prices, although this is certainly not regarded as an EDLP policy. From almost perpetual 'sales', company A have moved towards shorter 'sales', held just twice a year. Some clearance does occur between 'sales', with better information systems supporting a 'clear as you go' policy. In particular, the company desegregates problems relating to product from those relating to season or weather. The 'dogs' are cleared as soon as possible, whereas timing problems await the main 'seasonal sales'.

Company B has been subjected to a different set of pricing pressures over recent years. Its basic position was actually well tuned to the recession but the threat of discount

competition, including from mainland Europe, was taken very seriously. The company entered a phase of frequent 'sales' and gimmicky promotions, which raised volume but took a heavy toll on margins and store image. Measures taken to disguise 'sales' in the early 1990s, with various 'dressed-up markdowns' were abandoned recently. The real improvements in supply chain re-engineering, quality management, buyer responsiveness and information systems do however take time to implement. In common with company A, B has introduced some measures to 'clear as you go' but concentrates clearance and 'sale' promotional activities into the two main seasonal events. Summer 'sales' tend to be longer events, the data being more flexible. As more time is available to clear stock before autumn, depth of markdowns and coverage of styles tend to be incremental. Winter 'sales' however tend to start in most clothing chains at Christmas, so maximum impact is sought from day one.

Audit and Markdowns

Although case study interviews provide valuable insights into pricing policies, competitive pressures and measure taken, it is essential to compare these views with data which are entirely objective. [Table 2](#) summarizes the audits of markdown activity during the months of July and January, over a three year period. Our two case companies are compared with two of their most significant rivals, and with the mean markdown levels across all 21 retailers included in the audit. Two measures are analyzed, the first of which is the percentage of styles marked down (spread). A style is defined in terms of cloth, design features, etc., not in terms of size. Although a different definition would change the results significantly, this provides reasonable, comparative measure of how widely 'sale' markdowns, are distributed across product assortments. Within women's wear retailing, there has been a reduction in the spread of markdowns in winter 'sales', to around one third of the assortment in both seasons. Space does not permit discussion of men's wear markdowns, although the spread was similar by 1995/6.

The mean percentage markdowns (depth), of items that are marked down, requires no further explanation. Again, there has been a slight fall, with discounts averaging 30-35%. It is noticeable however that the audit evidence

TABLE 2
Markdowns in Main 'Sales': Women's Wear

% Styles Marked Down (spread)		Company				All W- Wear
		A	B	C	D	
Summer	1993	25.3	28.4	7.7	36.5	34.1
	1994	37.2	23.4	11.2	24.1	28.6
	1995	39.4	33.0	41.3	24.8	34.0
	(% change)	(+36)	(+14)	(+81)	(-32)	(0)
Winter	1994	34.7	32.2	46.1	35.6	40.0
	1995	19.1	47.3	27.8	28.2	36.6
	1996	40.5	20.1	41.8	20.2	35.6
	(% change)	(+14)	(-38)	(-9)	(-43)	(-11)
Mean % Markdowns (depth)						
Summer	1993	30.5	31.2	20.9	32.7	31.1
	1994	33.6	28.2	22.2	27.8	31.4
	1995	38.0	25.8	27.8	27.1	30.2
	(% change)	(+20)	(-17)	(+25)	(-17)	(-3)
Winter	1994	32.1	36.3	33.0	35.9	35.4
	1995	43.4	31.3	26.8	32.7	33.3
	1996	37.1	37.5	35.2	28.6	33.3
	(% change)	(+13)	(+3)	(+6)	(-20)	(-6)

Note: to maintain consistency between positive and negative changes, percentage changes are based upon the larger of the two figures, giving a range of changes from -100% to +100%

on case company A does not support the claims of senior managers that markdown activity has been reduced, either in spread or in depth. Mid-season 'sales' are however more difficult to track, due to their more flexible dates, but the data suggest that their spring 'sales' have tended to grow, whereas autumn 'sales' have reduced. It would appear that the case respondents were stating policy objectives rather than outcomes, illustrating the importance of independent validation. The company B data are more consistent with the stated patterns. Their winter 'sales' have become more focused, with relatively high discounts: the summer 'sales' now include more of the assortment but with lower discounts.

CONSUMER PREFERENCES

Preferences for 'sale' formats were investigated within the main consumer surveys, while accepting that experimental methodolo-

gies would be preferable in this context. We consider therefore some of the stated preferences for 'sale' price duration and frequency providing an additional perspective upon markdown strategies in the 'sales'.

Table 3 summarizes the responses to three questions, plus a number of bivariate tests of group preferences. Faced with a choice between two large 'sales' per year, or a larger number of short 'sales', most who expressed a choice favored the two large 'sales'. This lends support to the efforts of the retailers to focus most 'sale' activity within these periods. The minority favoring more but shorter sales tended to be single and/or younger, reflecting possibly a less established routine of apparel shopping. Older and/or married shoppers were more likely to agree that 'sales' last too long, further indication of their preference for a more traditional, orderly 'sale' regime. Females were more likely to express preferences and to agree

TABLE 3
Preferences for 'Sale' Duration and Frequency

Customer Group/Type	How Many Sales Preferred			Sales last so long you do not notice them anymore Mean (-3 to +3)
	Two Large Sales (%)	More Shorter Sales (%)	No Opinion (%)	
ALL	56.2	28.0	15.8	0.97
Males	50.9	26.1	23.0	1.04
Females	58.8	28.7	12.5	0.89
Chi-dq./t-test p =)		(18.971) (.000)		(1.53) (n.s.)
Marrieds	58.4	24.5	17.1	1.12
Singles	52.2	33.0	14.8	0.68
Chi-sq./t-test p =)		(8.539) (.014)		(4.42) (.000)
Full-timers	55.2	25.3	19.5	0.94
Others	57.6	29.0	13.4	0.97
Chi-sq./t-test p =)		(7.365) (.025)		(-0.42) (n.s.)
Age: Means	39.7	36.5	39.5	
F Ratio/Corr p =)		(4.490) (.011)		+ .236 (.000)
Income (p =)		(n.s.)	(n.s.)	

that they could tell when 'sales' start and finish: this would suggest greater involvement/interest on their part.

CONCLUSIONS

In spite of their ubiquity in many retail sectors, 'sales' remain ill defined and largely neglected within the retail/marketing literature. The intensive investigation of item-level price promotion has not been reflected at the store level, other than in an emerging debate between 'high-low pricing' and EDLP/EDFP (everyday low/fair pricing) strategies. A brief review of these alternative strategies suggests that with the exception of the lowest cost operators, EDLP tends to be less effective than temporal adjustments of prices.

Two apparel retailers within this study are coping with problems of excessive markdowns, although brought about by different causes. Each is striving to bring order back into its 'sale' activity, through improvements in buying, pricing, supply chain management and information systems. One of the chains has developed differential markdown strategies for different

categories of apparel. Both are pursuing 'clear as you go' policies to improve stock turnover. The view expressed is that two, major 'seasonal sales' do assist in clearance, generate interest/excitement and do not damage pricing credibility. Data derived from monthly audits in the stores of 21 women's wear chains do not confirm the reduction of markdowns in one of the case studies. The audit provides unusually detailed insights into the spread, the depth and the margin impact of 'sale' activities.

Data from a large study of shoppers generally support the view that two major 'sales' are preferred. It must be recognized however that 'sale' shoppers, although reflecting a broad cross-section of the shopping population, do naturally have a predilection towards the major events. Although some differences in preference are associated with age and gender, surprisingly, no significant associations with income emerged.

It is recognized that this study is limited to one country, the U.K., and that the consumer study, while large, was confined to shoppers in the 'sales'. Many further opportunities exist,

including experimental methodologies, to improve the 'science of the sale'. One obstacle to research, encountered especially in one of the two case studies, is the sensitivity surrounding markdowns, seen by some as a measure of buying errors. However, as a key component of high-low pricing, the 'sale' merits further attention in terms of retail strategy, consumer behavior and consumer protection.

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CONTINUING CONTROVERSIES AND ETHICAL ISSUES IN GLOBAL MARKETING MANAGEMENT

David A. Ricks, Thunderbird - AGSIM
Cheryl Van Deusen, University of South Carolina
Carolyn B. Mueller, Ball State
Bodo B. Schlegelmilch, Thunderbird - AGSIM
Robert Tancer, Thunderbird - AGSIM

ABSTRACT

The objective of this panel is to generate interest in controversial and ethical issues in Global Marketing Management. Each of the presenters will bring to the session his or her own experience and knowledge about these issues and will demonstrate that conclusions reached are dependent upon a person's point of view.

David Ricks, panel chair, will open the session by discussing the topic, "Controversial Issues Surrounding Multinationals." He will argue that conclusions reached are a function of time, place, firm, and point of view.

Cheryl Van Deusen and Carolyn Mueller will discuss the topic, "Managing the Tension between Domestic Labor Unions and other Stakeholders when Jobs are Subcontracted Out." They will cite examples and illustrate

how these emotional issues can be looked at from different points of view.

Bodo Schlegelmilch will discuss the topic, "Managing the Tensions between Ethical Relativism and Ethical Absolutism." He will discuss the problems managers face when different countries have different opinions as to what is desirable corporate conduct.

Robert Tancer will discuss the topic, "Managing the Tensions Arising from Different Interpretations of Intellectual Property Rights." He will specifically focus on the different national laws and business practices concerning intellectual property rights and will demonstrate that conclusions reached about proper conduct are also a function of time, place, firm, and point of view.

COUNTRY-OF-ORIGIN LOYALTY: AN EXPLORATORY INVESTIGATION

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ABSTRACT

The impact of the national association of products on buyer perceptions has been intensively studied over the past 30 years. A comprehensive review by Samiee (1994) and a meta-analysis by Peterson and Jolibert (1995) attest to the continuing interest in this avenue of research. However, as noted by Samiee (1994), most of the research has been conducted using a "made in ---" as the independent variable. This approach assumes consumer knowledge of brand national associations as consumers choose among brands, not among products "made in ---." Secondly, previous research has focused on quality perceptions or buying intentions, not behavior in the marketplace. The current research is distinguished by employing brands (with strong national associations) and including consumption history as a dependent variable.

As the study was exploratory, the following research propositions provided the focus of the research. These propositions drew on the brand loyalty literature in addition to the country-of-origin research stream (Dick and Basu, 1994).

- RP1: An examination of the purchase history of automobile owners will reveal purchase patterns consistent with "country-of-origin loyalty."
- RP2: Quality ratings for a set of automobiles, respectively of CO's associated with Japan and the United States, will exhibit a patterns of quality assessment consistent with a "country-of-origin" stereotyping effect.
- RP3: Levels of CETSCALE and quality assessments of U.S. and Japanese automobiles are associated with "country-of-origin loyalty" patterns.

Specifically, higher values of both CETSCALE and relative U.S. quality perceptions are associated with loyalty to U.S. autos.

Data were collected from 95 students at an urban university in the southeastern United States. The overall level of involvement with the automobile was high, and the level of ethnocentrism was at the low end of the range. A brief summary of the findings is as follows:

- RP1: Sixty respondents (63%) were adjudged to be "country-of-origin loyalty", consistent with the proposition.
- RP2: Quality perceptions of the 13 brands employed (5 Japanese, 8 U.S.) were examined via factor analysis. The rotated factor structure was consistent with national stereotyping in quality assessments of the 13 auto brands.
- RP3: "Foreign loyal" respondents exhibited lower levels of consumer ethnocentrism in comparison to those who indicated patterns of "U.S. loyalty." In addition, "Foreign Loyal" respondents indicated relatively higher quality assessments of Japanese automobiles than "U.S. Loyal" respondents.

The three research propositions were supported. For a high involvement product, namely the automobile, there is a high level of national stereotyping in quality assessment and the CO construct is a salient factor in marketplace activity. The current research is exploratory and requires replication with larger, non-student samples of geographic diversity.

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THE RELATIONSHIP BETWEEN OWNERSHIP AND CONTROL IN FOREIGN ENTRY MODE DECISIONS: A CRITIQUE OF THE LITERATURE AND PROPOSITIONS FOR FUTURE RESEARCH

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ABSTRACT

This paper reviews and critiques the prevalent use of ownership as the only source of control in studies of foreign entry mode decisions. Even a cursory examination of the foreign entry mode literature can reveal the prominence of the construct of control. The prominent role of control is associated with the use of a contingency paradigm. The general theorem of the contingency paradigm is: the fit between the achieved characteristics of entry modes and various situational factors determines the success of the entry mode. Applying this paradigm to entry mode decisions making involves three tasks. Listed in random order, they are: (1) use *antecedent factors* to predict *desired characteristics of entry modes*; (2) link *entry modes to certain characteristics*, or rank entry modes along the characteristics; and (3) link *antecedent factors to entry modes*. As one can see, the (way of) ranking of entry modes along certain characteristics constitutes a key step in the decision-making process; it thus has a large effect on the outcome of the decision.

The most important characteristic used in ranking foreign entry modes is *the degree of control* each mode affords the entrant (Agarwal and Ramaswami 1992; Anderson and Coughlan 1987; Anderson and Gatignon 1986; Erramilli 1991; Erramilli and Rao 1993; Gatignon and Anderson 1988; Kim and Hwang 1992; Klein, Frazier, and Roth 1990; Madhok 1993; Root 1987; Tseng, Kwan, and Cheung 1995). In many studies (Agarwal and Ramaswami 1992; Anderson and Gatignon 1986; Hill, Hwang, and Kim 1990; Tseng, Kwan, and Cheung 1995; Madhok 1993; Anderson and Coughlan 1987; Klein, Frazier, and Roth 1990), the degree of control is the only examined characteristic of the entry modes. It seems to be a norm, especially among papers relying on the transaction cost arguments, to rank different modes on the degrees of control they afford the entrant, and

then treat the desired degree of control as a *de facto* dependent variable in entry mode choice. Since the degree of control is directly tied with different entry modes, the contingency framework thus links the states of antecedent factors to specific entry modes. In a sense, the decision on foreign entry modes is reduced to identifying the conditions where certain degrees of control is needed.

We agree with the contingency rationale and appreciate the current studies' extensive examination of antecedent factors. We also agree with the arguments on the conditions under which certain degree of control is needed. But we have a serious concern on the ranking of entry modes along the degree of control. Specifically, we disagree with the view of ownership as the only source of control. We argue that this construction of the *ownership - control relationship* is seriously flawed. It is flawed because other sources of control exist; the flaw is serious because the ranking has direct bearings on the decision outcome.

To fill this important void in the research, we propose considering the non-ownership sources of control, surrogated by bargaining power, and a relational construct, trust. Then, we develop a conceptual entry mode decision model on the link between the need for control and preference for ownership (equity involvement). Specifically, we argue that whether a higher need for control leads to a greater preference from ownership depends on the perception of bargaining power and interfirm trust. We propose that when expected bargaining power is higher, the relationship between need for control and preferred degree of ownership is weaker. Similarly, when interfirm trust is higher, the relationship between need for control and preferred degree of ownership is weaker.

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THE RELATIONSHIP BETWEEN ADAPTIVE SELLING, TASK-RELATED SALES BEHAVIOR AND COMMITMENT TO PERFORMANCE--SOME PROMISING RESULTS

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ABSTRACT

In selling research, more often than not, multiple indicators have proven more predictive than single ones. Hence, with mixed results to date for adaptive selling, additional factors--task-related behavior and goal commitment--were added to predict sales performance. Using structural equations modeling, such a model proved, unfortunately, to be no more successful

in predicting performance. However, adaptive selling and task-related behavior both were significant in predicting goal commitment. Recommendations for further research are suggested, including an expanded definition of performance that includes more than just measures of meeting sales volume targets.

INTRODUCTION

The salesperson's adapting the sales message to the individual customer's needs has long been acknowledged as the cardinal advantage of personal selling over other methods of communication (e.g. Kotler, 1993). Although this concept has long been a tenet of marketing, it has received increased attention in the last ten years. The concept of adaptive selling was formally defined by Weitz, Sujan and Sujan (1986) as "the altering of sales behaviors during customer interaction or across customer interactions based on perceived information about the nature of the selling situation." Salespeople exhibit a high level of adaptive selling when they use different sales presentations across sales encounters and when they make adjustments during the encounters. In contrast, a low level of adaptive selling is indicated by use of the same sales presentation in and during all sales encounters.

Empirical Studies

The pace of adaptive selling research has accelerated with the development of a 16-item scale by Spiro and Weitz (1990). Utilizing salespeople in 10 divisions of a major national manufacturer of diagnostic equipment and supplies for scale development, the measure includes the following items: Each customer requires a unique approach (SLS10); When I

feel that my sales approach is not working, I can easily change to another (SLS12); I like to experiment with different sales approaches (SLS27); I am very flexible in the selling approach I use (SLS28); I feel that most buyers can be dealt with in pretty much the same manner (SLS8)*; I don't change my approach from one customer to another (SLS9)*; I can easily use a wide variety of selling approaches (SLS29); I use a set sales approach (SLS29); It is easy for me to modify my sales presentation if the situation calls for it (SLS14); Basically I use the same approach with most customers (SLS25)*; I am very sensitive to the needs of my customers (SLS26); I find it difficult to adapt my presentation style to certain buyers (SLS15)*; I vary my sales style from situation to situation (SLS16); I try to understand how one customer differs from another (SLS33); I feel confident that I can effectively change my planned presentation when necessary (SLS34); I treat all of my buyers pretty much the same (SLS35)*; (* = Reverse scored).

To investigate the nomological validity of their adaptive selling scale, Spiro and Weitz examined the simple correlations between the ADAPTS scale and antecedent measures of personality, intrinsic motivation, experience, management style, and performance as an output measure. There were significant correlations between ADAPTS and various personality measures, but not experience or managerial style.

The results for the correlation between ADAPTS and performance were mixed; there was significance with self-assessed performance, but none with managerial performance ratings. Even with the former, the relationship was moderate ($r = .27$), or less than 9% variance explained.

Subsequent studies of adaptive selling have generally been mixed, though demonstrating promise. In a study of pharmaceutical salespeople to identify task-related sales abilities required for job success, Weilbaker (1990) found adaptability was rated # 1 by both sales reps and managers and #3 by doctors. No statistical measure of adaptability with performance, however, was part of the study. In subsequent research, Weilbaker (1991) identified opportunities to adapt during pharmaceutical sales calls, then noted if salespeople did adapt. He reported observing adaptation during the sales calls, but performance ratings by managers were collected and proved to be unrelated to adaptive selling.

Goolsby, et. al. (1992) investigated the relationship between psychological adaptive-ness traits--self-monitoring, androgyny, and intrinsic reward orientation (antecedents in Spiro and Weitz, 1990)--across Behrman and Perreault's (1982) five dimensions of sales performance: ability to meet sales objectives, degree of technical knowledge, tendency to provide information back to the company, ability to control expenses, and performance in interactions with customers. Their findings were mixed. Blackshear (1992) recommended the addition of task-specific skills that occur outside the sales interview: getting ready for the call, reporting the call and results to the firm, additional administrative tasks, etc. Using a self-generated scale of adaptive selling (not Spiro and Weitz's) and task-specific behavior, Blackshear and Plank (1993) found that both were significant, but that task-specific behavior contributed more to explaining variance in sales performance than adaptive selling behaviors.

Vink and Verbeke (1993) expanded this line of investigation by studying the relationship between adaptive selling and organizational characteristics. They determined that adaptive selling behavior is a "multifaceted concept" not linearly related to organizational characteristics. Tanner (1994) presented the results of a study where trade show salespeople were presented

with three types of buyers. The findings indicate that salespeople do alter the content of their presentation depending on the type of buyer they are faced with. However, there was no measure associated with effectiveness of this behavior in terms of sales performance. Taking a slightly different approach, Goff, Bellenger, and Stojack (1994) constructed a Consumer Susceptibility to Salesperson Influence scale (CSSI), which identified different typologies of retail buyers. Their findings led them to conclude that adaptive selling makes sense, as a "canned" presentation would be ineffective with the different typologies identified by the CSSI. It should be noted that Vink and Verbeke (1993), Tanner (1994), nor Goff, Bellenger, and Stojack (1994) employed the ADAPTS scale for their research.

In summary, these studies, while pointing to the potential value of adaptive selling, raise a number of questions. First, as Spiro and Weitz's ADAPTS scale was developed for but one sales force and product line, is adaptive selling universally essential to sales performance? That is, will it prove significant in other types of selling environments? Moreover, with relatively little empirical work reporting a significant relationship between adaptive selling and performance, how strong is the impact of adaptive selling on performance? It may well be, as Goolsby, et. al. (1992) suggest, that other factors moderate the relationship between adaptiveness and performance.

PURPOSE OF THIS STUDY

There were two overall goals for this study: replication with a different sample and an extension of the model incorporating other factors in addition to adaptive selling. In the first instance, this sample was composed of salespeople from a major U.S. telecommunications equipment manufacturer. A significant relationship between performance and adaptive selling here would provide additional validation of its efficacy, as studies cited above include diagnostic equipment salespeople, pharmaceutical reps, and retail sales clerks. Moreover, as Churchill's work (1985) suggests, multi-faceted models of sales performance are more predictive, a theme echoed in Goolsby, et. al. (1992), who recommend the addition of communication skills, such as effective listening and verbal articulation skills, to adaptive selling and Blackshear, who proposes task-specific

behavior to enhance our understanding of sales performance.

Task-Related Behavior

Building upon the ideas of Goolsby, et. al. (1992), Blackshear (1992), and Blackshear and Plank (1993), it was decided to add "Task-Related" sales behavior to the adaptive selling model. These behaviors are thought of as sales skills requisite for applying adaptive selling (which was thought to be essential by management) in an actual sales interview. In this instance (telecommunications equipment sales representatives), it was decided to rely upon those best qualified to identify such skills: sales managers and sales trainers. They used a Delphi process to come up with eight task-related behaviors: listening (SLS17), planning (SLS18), negotiating (SLS19, relating to team (SLS20), consulting (SLS21), account management (SLS22), questioning (SLS23) and presenting skills (SLS24). These eight would arguably be the critical behaviors for their sales representatives and hence improve the predictiveness of the model. The 8 item scale was shown to be unidimensional, using principal components factor analysis to test for unidimensionality. Using Cronbach alpha analysis, the reliability of this scale measured .83. Moreover, these eight do tend to parallel behaviors identified in sales behavior literature.

Commitment

Several of the personality antecedents identified in Spiro and Weitz (1990), three of which appeared in a replication by Goolsby, et. al. (1992), suggest the addition of another construct to the adaptive selling model. Spiro and Weitz (1990) found varying degrees of correlation with adaptive selling for self-monitoring, social self-confidence, intrinsic motivation, and locus of control. This implies the potential value of a stream of research in social psychology associated with the factors critical to goal commitment. In summary, to paraphrase Locke (1984), those with high-perceived task-related ability (or self-efficacy) should have higher expectations for achieving difficult goals and thus higher commitment to those goals. In a sales environment, it is thought that self-efficacy consists of two factors, adaptive selling ability and task-related behaviors to develop this skill. In conjunction, these skills should build strong commitment,

which in turn leads to higher performance. These posited relationships are illustrated in Figure 1 with the paths expected to be positive.

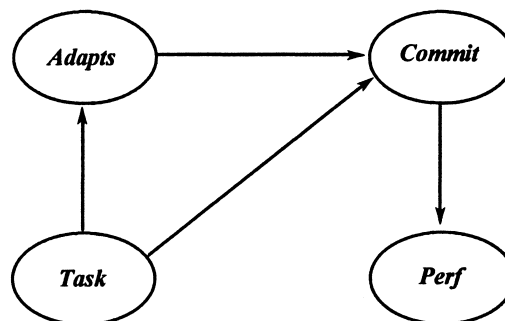


FIGURE 1

Figure 1, then, suggests that the addition of goal commitment as an antecedent variable could improve the predictability of the ADAPTS scale. Sales performance can be affected by many factors outside of the control of the salesperson. Such environmental factors could be economic, competitive, territorial, unfair quotas, etc. Hence, it is theorized that ADAPTS would show a relationship to goal commitment and, in turn, to performance, while a direct path from ADAPTS to performance might not.

The addition of task-related behavior to the model also presents an opportunity to test the efficacy of the ADAPTS scale. Blackshear and Plank (1993) found that task-specific behavior explained performance better than adaptive selling behaviors (although they did not use the ADAPTS scale to operationalize the latter). Its addition in this study allows a replication of this relationship, but with use of the ADAPTS scale.

METHODOLOGY

Sample

Data were obtained from a survey of salespeople from a major U.S. telecommunications equipment manufacturer. The company selected a sample of 440 salespeople from one division of their entire domestic sales force, totaling 3200 in all. These sales reps are responsible for selling telecommunications equipment ranging in price from cellular phones to high-priced, complex communications systems to both direct customers and dealers. Each salesperson was sent a questionnaire along with a cover

letter signed by the national sales manager requesting participation. Responses were anonymous and were to be sent directly to the researchers. A total of 179 usable questionnaires were returned for a 24.6% response rate. Each of the salespeople selected had at least two years experience with the firm. The average sales experience with the current employer was 13.3 years; the average age of the sample was 43; and the sample consisted of 89.3% male respondents.

Measurement Scales

Adaptive selling was measured using the Spiro and Weitz scale (1990) that appears above. As reported above, task-related behaviors were developed by sales managers and trainers utilizing a Delphi methodology. The 7-item Likert type scale was refined to 8 items, which were demonstrated to be unidimensional by principal components factor analysis. Using Cronbach alpha analysis, the reliability of this scale measured at .83. Commitment was measured in the same manner, shown to be unidimensional with a Cronbach alpha of .75. These 8 Commitment items are: I am strongly committed to pursuing my sales goals (SLS30); I am willing to put forth a great deal of effort beyond what I'd normally do to achieve my sales goals (SLS6); Quite frankly, I don't care if I achieve my sales goals or not (SLS7); There is not much to be gained by trying to achieve my sales goals (SLS31); It is quite likely that my sales goals may need to be revised, depending on how things go this year (SLS32); It wouldn't take much to make me abandon my sales goals (SLS36); It's unrealistic for me to expect to reach my sales goals (SLS37); and I think my sales goals are good objectives to shoot for (SLS38).

The items composing self-reported performance are specified below. Basically, reference to sales quota was the measure of performance. Salespeople were kept abreast of their quota standing each month, both individually and relative to each other. Using a 7-point Likert type scale ranging from strongly disagree to strongly agree, six items were accordingly utilized. Although self-report measures are often questioned, these 6 items here were based on objective information available to the sales force. Moreover, in their meta-analysis of performance determinants, Churchill et. al. (1985) report that self-report measures, at least in

sales, do not demonstrate any particular upward bias. Using principal components factor analysis, one factor emerged in the scale. An overall alpha of .91 was calculated using Cronbach reliability analysis. These items are: My sales performance year-to-date is better than most salespeople in my company (SLS11); I have been very successful in exceeding my year-to-date sales quota so far (SLS42); My sales performance so far this year ranks in the top half of all company salespeople (SLS43); My sales performance so far this year ranks in the bottom half of all company salespeople (SLS44); My sales performance year-to-date is below average relative to other salespeople in my company (SLS45); and I am behind in reaching my year-to-date sales quota so far (SLS46).

RESULTS

The data was analyzed using PRELIS2 and LISREL8 (Joreskog and Sorbom, 1993). A test for multivariate normality was computed, which failed, including tests for both skewness and kurtosis. Hence, polychoric correlations were employed in conjunction with bootstrapping (as sample size was limited) to create an asymptotic covariance matrix, a prerequisite to Weighted Least Squares analysis (Bollen, 1993; Joreskog & Sorbom, 1993).

The method for achieving a model fit is patterned after Anderson & Gerbing's (1988) two-step approach. In this procedure, a measurement model is first fitted, eliminating any indicators that are multidimensional (i.e., related to more than one latent construct). Following this initial step, the structural paths are added and the entire model is tested.

Using the Gerbing and Anderson approach, each latent variable was tested individually with CFA first to insure unidimensionality. In Marks, Vorhies and Badovick (1996), it was demonstrated that the original 16-item ADAPTS scale was not unidimensional. Adaptive selling appears to be composed of two constructs, the first (Adapts1) representing the salesperson's beliefs about ways of dealing with the customer and how customers differ from each other. The second construct (Adapts2) implies that it represents adaptive selling behaviors. As this model was developed from this same data set, it was used in the present analysis. The results using this two latent variable approach explain

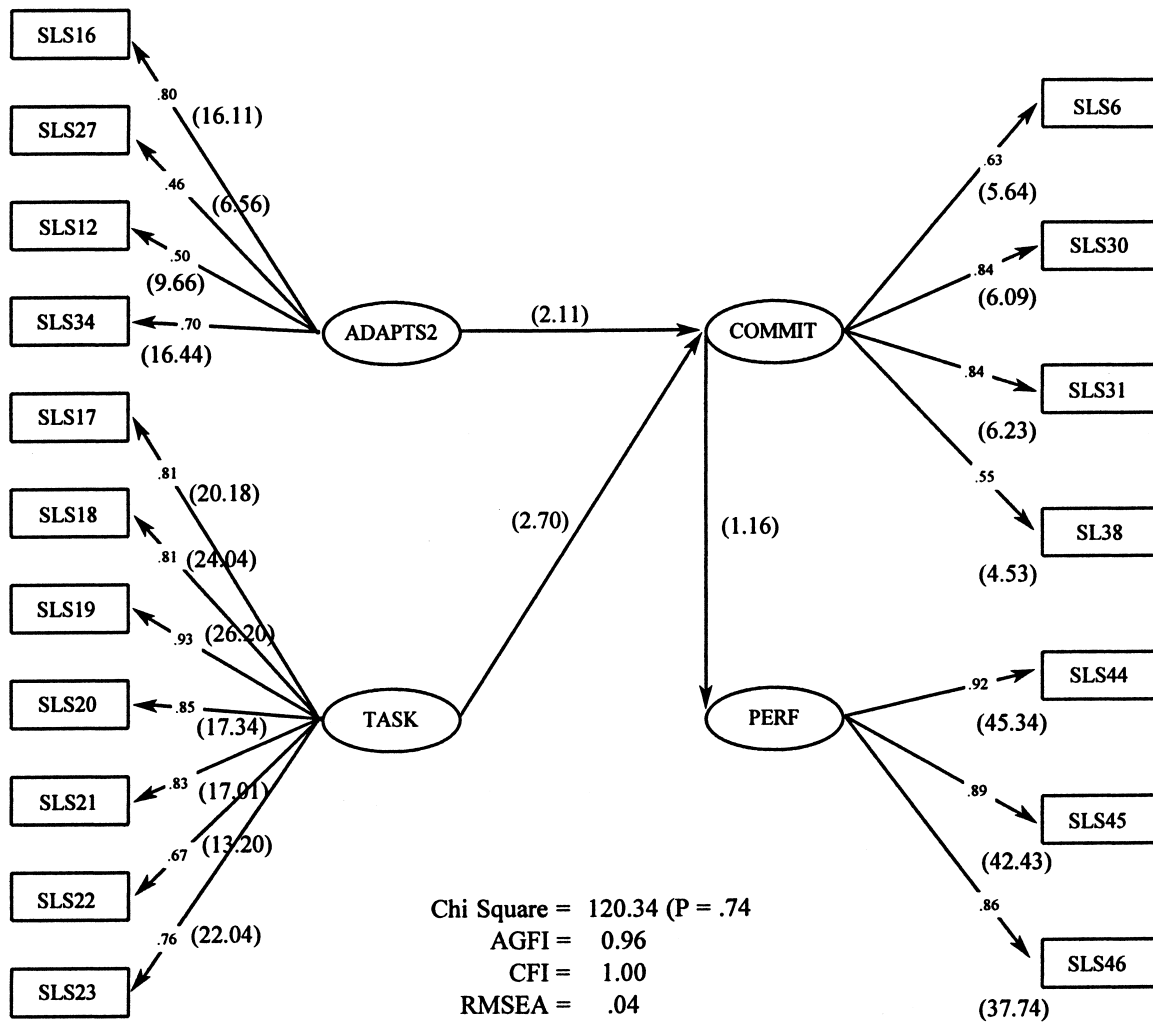


FIGURE 2
Final Fit

the divergence of results from the authors' first study with adaptive selling, task-related behavior and commitment, when no significant results were found with adaptive selling treated as a unidimensional construct (Badovick, Marks, and Thompson, 1995).

The first steps in Anderson and Gerbing (1988) are to employ CFA before specifying the structural model. In doing so, a test of discriminant validity failed for commitment and adapts1 (i.e. beliefs). The chi-squared difference test was insignificant (@.05), when the inter-factor correlation was set to one. The same was true for the relationship between Adapts1 and Task; the test of discriminant

validity failed. Hence, Adapts1, beliefs, was dropped from the analysis.

The model was then fit, using Adapts2, adaptive selling behaviors, task-related behaviors, commitment, and self-reported performance. As is typical, to improve the fit of the original model, an analysis of standardized residuals and modification indices was undertaken. The final model is shown in Figure 2. The path from Task to Performance was significant only at the .46 level and, hence, was dropped. This implies little added value for this construct in the study of adaptive selling (at least in this study).

Fit for this model is very good, Chi-square = 120.34 ($p=.74$), AGFI = 0.96, CFI = 1.00, and RMSEA = .04. Examination of the structural paths reveals a significant relationship ($t=2.11$) between Adapts2 and Commitment with a coefficient of 0.33. Similarly, there is a significant relationship between Task and Commitment ($t=2.70$) with a coefficient of 0.58. Unfortunately, the path between commitment and performance is insignificant ($t=1.16$).

As the model portrayed in [Figure 2](#) (without task and commitment) showed a significant relationship between Adapts2 and performance, the results here are somewhat disappointing. Nonetheless, the significance of paths from Adapts2 and Task to Commitment are promising for further research.

DISCUSSION

Although the model as originally posited (in [Figure 1](#)) falters, the study nonetheless implies that further research including commitment and task-related behavior could be fruitful. Indeed, as originally hypothesized, those salespeople with higher perceived task-related ability do have a greater commitment to their job. Similarly, those perceiving themselves higher in adaptive selling behaviors also have greater commitment. It is of further interest, as in the original Marks, Vorhies and Badovick study (1996), that Adapts1, adaptive selling beliefs, does not have an impact, as it is too closely associated with both Task and Commitment, at least as here defined. Future research may focus on extended definitions of task and commitment, ones not so closely correlated with adaptive selling beliefs. Moreover, it could well be that adaptive selling is effective in some contexts (e.g. where relationship selling is appropriate) and of little value in short-term transactional selling. The study of adaptive selling, then, should be extended to a cross-sectional context with salespeople sampled from a wide variety of sales positions. This implies that sales managers at present, should be careful in using scales, such as the ADAPTS, for hiring

In the full model with Commitment and Task-related behavior, it is reassuring that Adapts2 has a positive path to Commitment. This tends to support the posited positive relationship between adaptive selling and

eventual selling performance. It is odd, however, that the path from Commitment to Performance is insignificant. While speculative, the explanation could lie with the psychological antecedent to adaptive selling, "locus of control." In Hollenbeck et. al. (1989), an internal locus of control was significantly related to commitment and Spiro and Weitz (1990) also found a strong relationship between internal locus of control and their adaptive selling scale. Given that performance here was restricted exclusively to measurement against quota, both individually and comparative to fellow salespeople, sales personnel with a strong locus of control and related adaptive selling skills may have reacted negatively to performance based only on sales figures that failed to provide recognition for their special talents. As Goolsby et. al. (1992) conclude, if performance is limited to just this dimension, "this would suggest that adaptiveness does a poor job of predicting sales performance."

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AN EMPIRICAL TEST OF THE CONSEQUENCES OF DIFFERENT ORGANIZATIONAL CONTROL SYSTEMS ON INDIVIDUAL AND ORGANIZATIONAL LEVEL VARIABLES

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ABSTRACT

Organizational control systems seem to moderate the relationships between job outcomes and job attitudes such as job performance, job satisfaction, organizational commitment, turnover intentions, role ambiguity and role conflict. Using a model which is based on Brown and Peterson's meta-analysis (1993),

our findings suggest that the positive effect of role conflict on salespersons' job performance is amplified in 'informal' control systems. In 'informal' and 'high' control archetypes, on the other hand, the dysfunctional effects of role ambiguity on job satisfaction and turnover intentions are amplified.

INTRODUCTION

In marketing, research attention to organizational control of marketing executives and salespeople is recent but growing. Researchers have investigated the effects of different types of organizational control systems on salespersons' job outcomes and job attitudes. In this paper, however, we examine the *moderating* effects of organizational control on salespersons' job outcomes and job attitudes. More specifically, the moderating influence on the interrelationships among such variables as outcome job performance (JP_O), process job performance (JP_P), job satisfaction (JS), organizational commitment (OC), turnover intentions (TI), role ambiguity (RA) and role conflict (RC) is examined.

RESEARCH QUESTIONS AND ANALYTICAL APPROACH

In our study we use Jaworski et al.'s (1993) control typology which distinguishes between formal and informal control and identifies four 'extreme' control systems (i.e., 'high', 'low', 'formal' and 'informal' control) to investigate the moderating role of organizational sales force control on job outcomes and job attitudes. Our study is guided by the following research question: "Do organizational control systems moderate the nomological relationship between job attitudes and job outcomes?"

Specifically, the nomological network in [Figure 1](#) was tested through Multi-Group Latent Variable Structural Equations analysis. This analysis consists of four steps: First, the model in [Figure 1](#) was tested in each of the four organizational control systems, resulting in an overall model fit. Since the path coefficients corresponding with the nomological network could differ across the four control systems, we refer to this model as 'unconstrained model'. Second, we restricted all measurement parameters as invariant across the four groups. We refer to this model as 'constrained model'. Third, we restricted all structural parameters as invariant across the four groups. We refer to this model as 'fully constrained model'. Finally, we restricted one structural parameter at a time to be invariant across the four control systems.

By comparing the models in step 1-3, we can determine whether the hypothesis of no moderating effects can be rejected or not. If the hypothesis of no moderating effects is rejected, we can compare the models in step 4 with the constrained and unconstrained models from step 1-3 to determine the specific relationships which are moderated by organizational control. We first report the results of the overall model fit analysis of the several constrained and unconstrained models. Next, the estimated structural parameters of the relevant models are analysed.

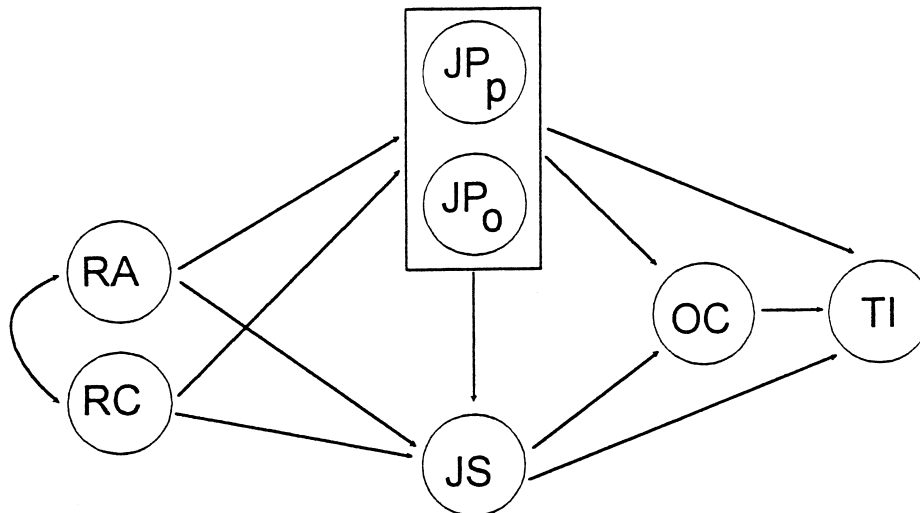


Figure 1
NOMOLOGICAL NETWORK

SAMPLE

A total of 64 Dutch companies from different industries were called. When an organization was interested, a questionnaire was sent to all its salespeople. A total of 374 salespeople were surveyed. The response rate was 63%. Respondents were predominantly male (90%). On average, respondents were 38 years of age and their average professional experience was 12 years. All constructs were measured using existing, well-tested scales (all structured on a 7-point Likert-type scale).

RESULTS

Overall Model Fit Analysis

The unconstrained model yielded the following statistics (Bentler 1995): $\chi^2 = 333$, $df = 240$, Normed Fit Index (NFI) = .81, Non-normed Fit Index (NNFI) = .90, Comparative Fit Index (CFI) = .94, Akaike Information Criterion (AIC) = -147.4, and Average Off-diagonal Standardized Residuals (AOSR) < .06. Although the χ^2 statistic is significant, it is not necessarily an indication of poor fit. It is well known that, due to nonnormality and sample size, this statistic is biased and favors rejection of even models with good fit. The several fit indices provide a better indication of good fit. They suggest that our model is a reasonable representation of the data. A constrained model that restricts *all measurement parameters* as invariant across

the four groups (i.e., high control, low control, formal control, informal control) yielded the following fit statistics: $\chi^2 = 355$, $df = 261$, NFI = .80, NNFI = .91, CFI = .93, AIC = -167.4, and AOSR < .07. This model is statistically equivalent to the unconstrained model: $\Delta\chi^2 = 22.3$ with $df = 21$ ($p > .30$). Due to its parsimony (lower AIC), the constrained model was retained for further analysis. Next, *all structural parameters* were constrained to be equal across the four groups. This resulted in a $\chi^2 = 416$ with $df = 306$, and produced the following fit statistics: NFI = .77, NNFI = .91, CFI = .92, AIC = -195.7, AOSR = .10. Compared with the previous -constrained- model, this model (i.e., no moderating effects) yields a $\Delta\chi^2 = 61$ with $df = 45$ ($p < .05$). Therefore, we have to reject the hypothesis of no moderating effects. Finally, we constrained *one structural parameters at a time* to be invariant across the four groups. Each time the resulting χ^2 was not significantly different from the χ^2 from the constrained model, the constraint was retained. This procedure resulted in a final model. The corresponding fit statistics were as follows: $\chi^2 = 392$, $df = 299$, NFI = .78, NNFI = .92, CFI = .94, AIC = -205.7. Compared to the fully constrained model, the final model is significantly better ($\Delta\chi^2 = 24$, $df = 7$, $p < .01$). Compared to the unconstrained model, the final model yields a difference in χ^2 of 60 with $df = 59$ ($p > .5$). Compared to the constrained measurement model, the $\Delta\chi^2$ was 37 with $df = 38$ ($p > .5$).

This final model is not significantly different from the latter two models but is more parsimonious, as indicated by the lower AIC.

Estimated Structural Parameters

The (unstandardized) structural parameters of the final model depict an interesting pattern of differential relationships across the four groups (see Table 1). To provide a baseline for comparative analysis, we also include coefficients obtained from a no moderating effects (i.e., fully constrained) model in the second column of Table 1. If the negative (positive) effects of the organizational control systems are alleviated (enhanced), this suggests a buffering (amplifying) effect. The following results should be noted.

In terms of JP_O , the negative effect of RA on JP_O ($B_{base} = -.43$) is amplified in the 'informal' configuration (-1.08), but not in the other configurations ($B = -.27$). A similar result was obtained for JP_P . However, the positive effect of RC on JP_P was enhanced in the 'informal' control archetype and not in the other three control archetypes.

For JS three results are noteworthy. First, JP_P has a small but consistent, positive effect on JS (.15). Second, the effect of JP_O on JS is moderated by the organizational control system: a positive relationship between JP_O and JS was found in the 'low' and 'formal' control environments, whereas this relationship was negative in the 'informal' control archetype. No significant relationship was found in the 'high' control archetype. Third, the negative effect of RA on JS is amplified in the 'high' control archetype. Hence, salespeople seem to be much more vulnerable to the negative effects of RA in a 'high' control environment. In other words, salespeople that suffer from RA despite the fact that they work in an environment where they receive a lot of governance, are very dissatisfied.

For OC two results should be noticed. First, the effect of JP_P on OC is moderated by the control system in use. It is positive but marginal in the 'informal' and 'high' configurations (.15), and negative but not significant in the two other configurations (-.08). Second, the positive relationship between JS and OC ($B_{base} = .56$) is amplified in the 'formal' control system ($B = 1.06$) but not in the other control archetypes ($B = .51$).

DISCUSSION AND CONCLUSIONS

Tests of the moderating hypotheses suggest that some of the nomological relationships in Figure 1 are moderated by the type of sales force control system in use. Salespersons appear to be more vulnerable to the dysfunctional effects of RA in an 'informal' and 'high' control environment than in any other control environment. The negative, direct effect of RA on JP_O and JP_P is much more severe in the 'informal' control archetype than in the other three configurations. In addition, although the average level of RA in the 'high' control archetype is low, the negative effect of RA on JS is much more severe. Salespeople in 'high' control archetypes who are affected by RA might leave the company relatively soon. A company therefore might want to hire salespeople that have low levels of RA. In general, a company should be very careful not to introduce even small additional amounts of RA in 'informal' or 'high' control archetypes. Managers should not forget that salespeople in 'informal' and 'high' control systems are also more vulnerable to the dysfunctional effects of RA on JS and TI.

The positive effect of RC on salespersons' JP_P is amplified in 'informal' control archetypes. Companies that use this type of control system might want to introduce more RC in order to improve salespersons' job performance (JP_P). In other words, the introduction of more RC may cause salespeople who are only subject to informal control more closely follow the established procedures.

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TABLE 1
Estimated Coefficients for the Nomological Relationships in the Model

	Baseline	Configurations			
		Low C.	Informal C.	Formal C.	High C.
		(G1)	(G2)	(G3)	(G4)
Dependent Var.: JP_O					
R ²		0	0.16	0	0
RA → JP _O	-.43	-.27 (-1.87)	-1.08 (-3.12)	-.27 (-1.87)	-.27 (-1.87)
RC → JP _O	.14	.14 (1.16)	.14 (1.16)	.14 (1.16)	.14 (1.16)
Dependent Var.: JP_P					
R ²		0	0.2	0	0
RA → JP _P	-.27	-.08 (-.62)	-.94 (-2.84)	-.08 (-.62)	-.08 (-.62)
RC → JP _P	.20	.09 (.73)	.63 (2.44)	.09 (.73)	.09 (.73)
Dependent Var.: JS					
R ²		0.1	0.13	0.4	0.19
JP _O → JS	.05	.21 (2.25)	-.25 (-2.05)	.21 (2.25)	-.01 (-.06)
JP _P → JS	.15	.15 (2.06)	.15 (2.06)	.15 (2.06)	.15 (2.06)
RA → JS	-.62	-.56 (-4.79)	-.56 (-4.79)	-.56 (-4.79)	-1.28 (-3.26)
RC → JS	.09	.09 (1.16)	.09 (1.16)	.09 (1.16)	.09 (1.16)
Dependent Var.: OC					
R ²		0.3	0.23	0.6	0.19
JP _O → OC	.07	.07 (.98)	.07 (.98)	.07 (.98)	.07 (.98)
JP _P → OC	.08	-.08 (-.74)	.15 (1.73)	-.08 (-.74)	.15 (1.73)
JS → OC	.56	.51 (5.38)	.51 (5.38)	1.06 (4.60)	.51 (5.38)
Dependent Var.: TI					
R ²		0.2	0.1	0.2	0.23
JP _O → TI	.01	.01 (.12)	.01 (.12)	.01 (.12)	.01 (.12)
JP _P → TI	.12	.12 (1.37)	.12 (1.37)	.12 (1.37)	.12 (1.37)
JS → TI	-.55	-.55 (-4.54)	-.55 (-4.54)	-.55 (-4.54)	-.55 (-4.54)
OC → TI	-.17	-.17 (-1.48)	-.17 (-1.48)	-.17 (-1.48)	-.17 (-1.48)

AN EXPLORATORY ANALYSIS OF JOB-RELATED STRESS: IMPLICATIONS FOR REAL ESTATE SALES MANAGEMENT

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ABSTRACT

This study used a mail survey of real estate sales agents to test several hypotheses related to sources and outcomes of job tension. A path analytical model was used to test hypo-

theses. Appropriate conclusions were drawn and directions for future research were highlighted.

INTRODUCTION

Over the past two decades, there has been an increasing focus on sources and outcomes of job tension experienced by employees (Schuler 1980). Growing body of organizational behavior research on role stressors has emphasized three sources of job tension which employees may experience at work: role ambiguity, role conflict, and work overload (e.g., Schaubroeck, Cotton, and Jennings 1989; Schuler and Jackson 1985; Wunder, Dougherty, and Welsh 1982). More recently, however, work-family conflict has been considered as a source of job tension (e.g., Bacharach, Bamberger, and Conley 1991; Bedeian, Burke, and Moffett 1988; Frone, Russell, and Cooper 1992; Higgins and Duxbury 1992). The inclusion of work-family conflict as a source of job tension has been precipitated by such demographic trends in American society as the changing spousal roles, families facing the demands of elder care, single-parent family, a growing number of dual-income families, and more women with children joining the work force (e.g., Burke and Greenglass 1987).

As far as outcomes of job tension are concerned, ample evidence exists which links job tension to job dissatisfaction, low job performance, absenteeism, and turnover (e.g., Schaubroeck et al. 1989; Schuler and Jackson 1985; Williams and Hazer 1986). The purpose of this paper is to extend our understanding of sources and outcomes of job tension along with the addition of work-family conflict as mediating construct between role stressors and

job tension, job satisfaction, organizational commitment, and intent to turnover.

RESEARCH HYPOTHESES

Based on the previous studies (e.g., Bacharach et al. 1991; Bedeian et al. 1988; Frone et al. 1992; Schaubroeck et al. 1989; Wunder et al. 1982;), the present research developed a conceptual model of sources and outcomes of job tension. The model highlights the mediating role of job tension as well as that of work-family conflict in linking role stressors with job satisfaction, organizational commitment, and intent to turnover. Specifically, the present research examined the following hypotheses:

- H1: Role stressors (role ambiguity, role conflict, and work overload) will increase work-family conflict.
- H2: Role stressors and work-family conflict will increase job tension.
- H3: Role stressors and work-family conflict will directly and indirectly decrease job satisfaction and organizational commitment.
- H4: Role stressors and work-family conflict will directly and indirectly increase intent to turnover.
- H5: Job tension will directly decrease job satisfaction and directly and indirectly decrease organizational commitment; job tension will directly and indirectly increase intent to turnover.

H6: Job satisfaction will increase organizational commitment and directly and indirectly decrease intent to turnover.

H7: Organizational commitment will decrease intent to turnover.

METHODOLOGY

Sample and Data Collection

Mail surveys were used to collect data from a random sample of real estate sales agents located in a medium-sized city in the Southwestern region of the United States. The sampling frame consisted of real estate sales agents listed in the membership roster of a real estate professional association located in the city. A total of 400 questionnaires were mailed to addresses selected from the sampling frame. A total of 125 usable questionnaires were returned, providing a usable response rate of 33 percent. Since one of the objectives of this paper was to examine the role of work-family conflict, only the married respondents were included in data analysis. There were 116 such respondents.

Measures

The measurements of intent to turnover (IT), organizational commitment (OC), job satisfaction (JS), job tension (JT), work overload (OL), role ambiguity (RA), role conflict (RC), and work-family conflict (WF) were obtained by using five-item version of Likert scale (Porter 1978). For each theoretical construct, an index was derived by summing items measuring that construct. For example, an index of job tension (JT) was obtained by adding raw scores of each respondent on eight items measuring job tension. The reliability coefficients of the measures of various constructs were, except for intent to turnover ($r = .66$), above .70, as required by Nunnally (1978).

RESULTS AND DISCUSSION

Testing of Research Hypotheses

To test the research hypotheses, a path analysis approach suggested by Pendhazur (1982) was used. Several multiple regression equations were estimated using SPSSX. In total, twenty-five paths were estimated. As recommended by Duncan (1975), path coeffi-

cients that were not significant at $p\text{-level} \leq .05$ were deleted from further analysis. Twelve paths were not significant at .05. The revised or trimmed multiple regression equations (without non-significant paths) were obtained. The estimated paths from the original and trimmed regression equations are shown in [Table 1](#). Following the procedure recommended by Pendhazur (1982), the trimmed model was tested against the hypothesized model. The calculated chi-square value was 3.13. The table value of chi-square statistic at $p\text{-level}$ of .05 with 12 degrees of freedom was 21.03. Since the calculated value was less than the table value, one must not reject the null hypothesis (the null hypothesis implying equality between the hypothesized and trimmed models). However, on the basis of parsimony, one must accept the trimmed model. The results of regression analysis are shown in [Table 1](#).

Hypothesis 1 deals with the predictors of work-family conflict. As proposed, the regression paths from role conflict and work overload to work-family conflict were statistically significant with positive signs; role ambiguity, however, did not significantly predict work-family conflict. It seems that incompatible job demands (e.g., demands from buyers and sellers of properties) and extensive time commitment at work (e.g., showing several houses to customers and negotiating sales contracts) may reduce the amount of time and energy sales agents can devote to family roles. In other words, job related stressors such as role conflict and work overload have a negative spill-over into the family domain, creating work-family conflict. The results from the present study lend empirical support to the models developed by Bacharach et al. (1991), Higgins and Duxbury (1992), and Frone et al. (1992).

Hypothesis 2 proposes that role stressors and work-family conflict will have a positive impact on job tension. Of the three role stressors (role ambiguity, role conflict, and work overload), only role conflict a significant positive impact on job tension, both directly and indirectly through its impact on work-family conflict. On the other hand, work overload affected job tension indirectly through its impact on work-family conflict. In addition, as hypothesized, the path from work-family conflict to job tension was positive and statistically significant.

TABLE 1
Regression Analysis: Full versus Trimmed Models

Dependent Variable	Explanatory Variable	Full Model		Trimmed Model	
		Path Coeff.	R-Square	Path Coeff.	R-Square
IT	OC	-.26a	.42	-.30a	.40
	JS	-.30a		-.29a	
	JT	.26a		.20a	
	RA	.01ns			
	RC	-.12ns			
	OL	-.09ns			
	WF	.05ns			
	INTERCEPT	12.71a		11.67a	
OC	JS	.47a	.35	.49a	.35
	JT	-.18b		-.18a	
	RA	-.06ns			
	RC	.05ns			
	OL	.22b		.22a	
	WF	-.04ns			
	INTERCEPT	7.85a		7.29a	
JS	JT	-.35a	.33	-.35a	
	RA	-.27a		-.26a	
	RC	-.07ns			
	OL	.11ns			
	WF	-.24a		-.19b	
	INTERCEPT	37.07a		38.46a	
JT	RA	.11ns	.22		.21
	RC	.24a		.25a	
	OL	.04ns			
	WF	.27a		.30a	
	INTERCEPT	-5.40ns		-2.7ns	
WF	RA	.07ns	.28		.28
	RC	.20b		.20b	
	OL	.40a		.42a	
	INTERCEPT	.57ns		.89ns	

a = Significant at $p \leq .01$
b = Significant at $p \leq .05$

ns = Not Significant at $p \leq .05$

IT = Intent to Turnover
JS = Job Satisfaction
RA = Role Ambiguity
WF = Work-Family Conflict

OC = Organization Commitment
JT = Job Tension
RC = Role Conflict
OL = Work Overload

In Hypothesis 3, it was proposed that role stressors and work-family conflict would inversely impact job satisfaction and organizational commitment both directly and indirectly. As can be noted in [Table 1](#), only role ambiguity

and work-family conflict had a direct significant effect on job satisfaction. Both role ambiguity and work-family conflict affected job satisfaction inversely. Work overload affected job satisfaction negatively but only indirectly through

work-family conflict and job tension. Similarly, role conflict inversely affected job satisfaction only indirectly through its impact on job tension.

As far as organizational commitment was concerned, role ambiguity, role conflict, and work-family conflict affected it only indirectly through their impact on mediating constructs. For example, role ambiguity had a negative effect on organizational commitment via job satisfaction; both role conflict and work-family conflict had a negative impact on organizational commitment through job tension and job satisfaction. However, the direct path coefficient from work overload to organizational commitment was positive. This finding was contrary to the hypothesized relationship between work overload and organizational commitment. On the other hand, work overload affected organizational commitment negatively via its effects on such mediating constructs as work-family conflict, job tension, and job satisfaction. Thus, the relationship between work overload and organizational commitment is found to be more complex than otherwise found to be in previous research.

Hypothesis 4 proposes that role stressors and work-family conflict result in higher intent to turnover both directly and indirectly via mediating constructs. As can be noted in [Table 1](#), role stressors and work-family conflict affected intent to turnover only indirectly via work affective outcomes such as job tension, job satisfaction, and organizational commitment (Jackson 1983; Kemery, Mossholder, and Bedeian 1987; Schuler 1982; Shirom 1986). However, none of the direct paths from role stressors and work-family conflict to intent to turnover were statistically significant. These results are in line with previous studies (e.g., Schaubroeck et al. 1989; Bacharach and Bamberger 1992).

In Hypothesis 5, it was posited that higher levels of job tension will result in lower levels of job satisfaction and organizational commitment and higher levels of intent to turnover, both directly and indirectly through various mediating constructs. The hypothesis is fully confirmed as indicated in [Table 1](#). Both the direct and indirect paths from job tension to job satisfaction, organizational commitment, and intent to turnover were statistically significant with

hypothesized signs (positive or negative). These results are in line with Schaubroeck et al. 1989; Bacharach and Bamberger 1992; Jackson, Schwab, and Schuler 1986; Locke 1972).

Examination of Hypotheses 6 and 7 indicates that job satisfaction has a significant positive impact on organizational commitment and both direct and indirect effects on intent to turnover. Again, these relationships were supported in previous studies (e.g., Schaubroeck et al. 1989; Bacharach and Bamberger 1992).

SUMMARY AND FUTURE RESEARCH DIRECTIONS

This study examined sources and outcomes of job tension and the mediating role of work-family conflict and job tension in linking role stressors with work affective constructs such as job satisfaction, organizational commitment, and intent to turnover within the context of real estate sales agents. Based on previous studies (e.g., Schaubroeck et al. 1989; Bacharach and Bamberger 1992), a theoretical model was developed and seven research hypotheses were tested using path analysis.

Our analysis revealed several interesting findings:

1. There was a >spill-over= effect from work to home, that is, higher levels of role conflict and work overload resulted in higher levels of work-family conflict.
2. Job tension served as a mediating construct linking role stressors and work-family conflict with job satisfaction, organizational commitment, and intent to turnover as outcome variables.
3. Unlike previous studies, job tension directly decreased organizational commitment and increased intent to turnover.
4. The role of work overload was more complex than previously thought to be. While its impact of organizational commitment was positive, work overload resulted in increased levels of work-family conflict and job dissatisfaction.

Future research should focus on:

1. The possibility of family demands interfering work activities.
2. The examination of the hypothesized relationships in a longitudinal context.
3. The inclusion of such constructs as Type A personality, negative affectivity, and family satisfaction.
4. The examination of effects of work-family conflict on job performance, absenteeism, and health status.

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A RESOURCE-BASED FRAMEWORK OF INNOVATION STRATEGY

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ABSTRACT

In this paper we develop an integrative resource-based framework of innovation strategy. We suggest that firm resources (i.e.,

innovative resources, complementary resources, and combinative capabilities are key elements in the innovative process of firms.

INTRODUCTION

Following Pavitt (1991), Christensen (1995) and the large resource-based literature, we suggest that innovation and new product development are determined by the resources (assets and capabilities) that firms possess at a given point in time. We expand Christensen's work by complementing his taxonomy of innovative assets with marketing-related assets and capabilities. We also place particular emphasis on the market-based learning capability and absorptive capacity of the firm (Day 1994; Sinkula 1994; Cohen and Levinthal 1990). In doing so, our conceptual model of innovation strategy contributes to the innovation and marketing literature by: (1) integrating different theoretical approaches into a common framework (i.e., the resource-based theory of the firm, evolutionary approaches to economics and organizational theory, organizational learning theory, and marketing strategy theory); (2) by providing a new view of the linkage between innovation and marketing, and (3) by suggesting recommendations for innovation strategy.

FIRM RESOURCES AND INNOVATIONS

Recently, Pavitt (1991) and Christensen (1995) have offered a different approach to the traditional R&D explanation on the causes of innovation, with a resource-based perspective. (See Conner (1991) for a good description of the resource based theory of the firm).

Firm Resources and the Generation of Innovations

Innovations consist of knowledge about how to do something better than the existing

state of the art. In this sense, "better" is understood as having the potential to increase the perceived customer value of a final product or service. A "better" manufacturing process, a "really-new" product, or a new design of an old product, all fall under this definition of innovation. As indicated, Pavitt (1991) and more recently Christensen (1995), have suggested that firms with special innovative resources are more likely to generate innovations. They reject the idea of R&D as a single unified functional resource, and suggest different types of innovative resources. At the same time, Teece (1987) and Kotabe et al. (1996) have suggested that firms need to have the adequate complementary resources in order to profit from innovations. Then, a key aspect of the management of innovations within a firm, are the strategic resources that a firm possess, and the decisions the firm's management will carry out related to them.

Types of Resources and Innovations

Given our interest on innovation strategy, we develop a taxonomy that facilitates its discussion and analysis, and which is also consistent with prior work. We basically distinguish between innovative resources, complementary resources, and combinative capabilities (Christensen 1995; Teece 1987; Kotabe, Sahay, and Aulakh 1996).

Innovative resources are those firm resources (i.e., assets and capabilities) related to the production of new and potentially better ways to do something. Christensen (1995) identifies four types of innovative resources: scientific research resources (which are related to the R of R&D), process innovative resources, product innovative application resources, and

aesthetic design resources (related to the D of R&D).

Complementary resources are those resources (assets and capabilities) that allows a firm to manufacture and commercialize the results of an innovation (Teece 1987). Manufacturing complementary assets, refer to the capabilities needed to manufacture a product which embodies the innovation at reasonable market prices. Marketing complementary resources, refer to those assets and capabilities required for successfully commercializing a product, for example: brand names, promotion and advertising capabilities, logistics capabilities, and distribution capabilities.

Combinative resources basically represent the firms' ability to learn and modify existing resources, in order to enhance or develop new resources. These capabilities includes both technological or absorptive capacity and market-sensing capabilities.

The Role of the Market Conditions

Our conceptualization of the market is different from the one provided by traditional industrial organizational economics, which concentrates on bargaining power in a relatively static setting. Instead, we take an evolutionary perspective, which considers markets not just as allocation mechanisms, but as scenarios of learning and experimentation (Levitt and March 1988; Eliasson 1994). We complement the evolutionary economics approach -- that focuses on technology regimes as the major market factor--by acknowledging the role of the consumption regime.

The technological regime refers to the technological environment in which firms operate, and is characterized by a particular combination of opportunity and rents, appropriability conditions, and degrees of cumulateness of technological knowledge (Dosi, Malerba, and Orsenigo 1994, p. 216). "Opportunity conditions" refer to the ease of innovating for any given amount of money invested in the search. "Rent appropriability conditions" reflect the possibilities of protecting innovations from imitation and of obtaining the rents from innovations (Teece 1987). "Cumulateness" refers to the degree of path dependence of future innovations on actual knowledge and technologies. Technological regimes that involve tight appropriability

conditions, high opportunity conditions, and moderate cumulateness, will favor innovations and the possession of strong innovative resources, and will make the selection of commercialization strategy for the innovation not as crucial, as under weak appropriability conditions.

The consumption regime of an industry is constituted by quantitative and qualitative aspects. The quantitative aspect has as a major component, the number of consumers (or size of the market) and its rate of growth, but may also include the concentration of consumers, the size of unit purchase, their age, gender, and other demographic characteristics of the major customer niches in the market. The qualitative element, refers to the wants and expectations of consumers (high-low, broad-tight), and the rate of change of these wants and expectations. Growing markets and consumers with high and changing expectations and wants, are more likely to favor innovative strategies. That is, they would tend to prefer new and better products. The firm would also benefit, because the costs of innovation activities may be more easily covered under the presence of a larger or growing target market. Stagnant markets are composed of consumers with low expectations and steady wants and are more likely to favor adaptive learning. In these markets then, exploiting actual technologies in order to make incremental improvements in the products, and thus reduce production costs and prices, is more important than generative or exploratory learning (Sinkula 1994).

A RESOURCE-BASED FRAMEWORK OF INNOVATION STRATEGY

Summarizing the previous discussion, and considering firm resources as the key elements in the innovative process of firms, we develop an integrative framework of innovation strategy, which combines both a resource-development and a rent-appropriation strategy (see [Figure 1](#)).

Resource-Development Strategy

The resource-development strategy involves two basic major decisions: the type of resources to be emphasized, and the way these resources are developed (internally vs. externally). The emphasis placed among the different types of firm resources is influenced by the technology and consumption regimes prevailing

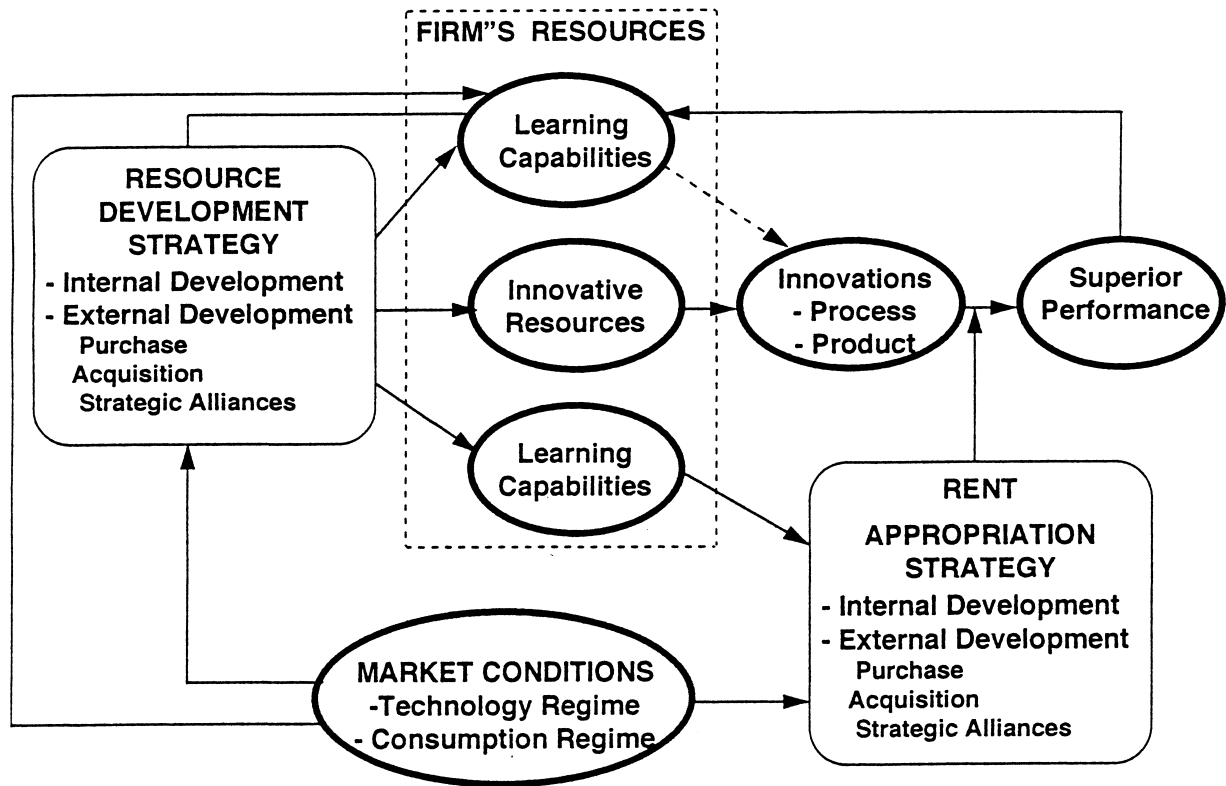


FIGURE 1
Innovation Strategy: A Resource-Based Framework

in the industry, and is also guided by the new knowledge introduced into the organization through its learning capabilities. High cumulativeness of knowledge, will favor the internal development of innovative resources, which in turn will be facilitated and enhanced by existing core technological knowledge. Loose appropriability conditions will bring about less attractive innovations, and -- in order to imitate technological breakthroughs of competitors -- will make companies emphasize their complementary manufacturing and marketing-related assets, as well as absorptive capacities. Turbulent market conditions involving unstable consumption regimes (i.e., unstable market growth, constant change in needs), high innovation opportunity, and loose appropriability and low cumulativeness, will make innovations very risky. However, because of this instability, firms that fail to adapt, may end up exiting the market. Therefore, under these conditions, firms will tend to emphasize learning capabilities (to monitor changes in market needs, and technological

knowledge) and innovative resources, necessary to be first in the market with products with short and/or unpredictable life cycles.

The choice between internal and external development, is basically determined by the appropriability conditions. Under tight appropriability regimes, internal development of unique resources will pay off, usually through the rents that will be appropriated when the innovation is marketed. Loose appropriability conditions, will favor external acquisition or strategic alliances. The reason, is that rents from innovations will not necessarily be appropriated by the firm with better innovative resources, but by firms with better complementary resource positions.

**Rent-Appropriation Strategy
(Innovation Marketing Strategy)**

Innovation marketing--rent-appropriation--strategies, can be classified using two dimen-

sions: (1) the making-licensing continuum, and (2) the pioneering - following continuum. Considering that innovating firms may choose between making, licensing, partnering, or making and licensing; and, between being a pioneer or a follower, one ends up with 8 different strategies for rent appropriation. The adequacy of each alternative depends on the existing complementary resources of the organization (e.g., promotional, advertising, distribution, and logistics capabilities, superior assets like known brand names and solid corporate reputation), and on the market conditions (particularly appropriability conditions). In general, the decision of making and commercializing an innovation can only be made if appropriate manufacturing-related complementary resources are possessed, regardless of market conditions. Firms facing loose appropriability conditions, and possessing adequate complementary resources, should attempt to pioneer the market, cleanly and effectively positioning its product/service in the market, and defining the prototype for the industry -- before others can copy the innovation (Carpenter and Nakamoto 1989). If firms do not possess enough complementary assets, and if appropriability conditions are weak, firms will be better off dispersing its innovation through licensing (Kotabe, Sahay, and Aulakh 1996).

The above postulates, however, need to be qualified. If the consumption regime involves steady market growth, and steady needs and expectations, market pioneering has even more benefits. If the consumption regime is unstable and uncertain, pioneering becomes more risky. Under strong, or tight appropriability conditions, following -- instead of pioneering the market -- is perfectly acceptable. Additionally, if the company does not possess the necessary complementary resources in order to market the innovation, strategic partnerships may be developed.

The selection of resource-development strategy and rent-appropriation strategy, and the occurrence of learning (at the firm and industry levels) and evolution in the marketplace will not only affect the success of innovative activities at a given point in time, but will shape the future and its potential to innovate (McKee 1992).

CONCLUSION

In this paper we have suggested that the possession of particular firm resources will help marketers generate innovations, and transform these innovations into economic rents for the firm. Following the framework, marketing managers should decide which type of resources to emphasize, given the existing technology and consumption regimes. In doing so, managers have also several choices: external acquisition, internal development, and strategic alliances. If innovative resources are emphasized by management, this does not necessarily imply the achievement of superior economic performance. Managers should carefully develop a strategy to commercialize the technological innovation. This rent-appropriation strategy, will be heavily influenced by the firm's complementary resources (both manufacturing and marketing-related resources) as well as dynamic market factors (i.e., technology regime, consumption regime).

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DIFFERENCES IN INFORMATION CHARACTERISTICS FOR INFORMATION SHARED DURING SUCCESSFUL AND UNSUCCESSFUL NEW PRODUCT DEVELOPMENT

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ABSTRACT

Integration between functional areas is an important determinant of organizational effectiveness. Communication and information sharing are key elements of integration. This study examines the role of information sharing

between functional areas during new product development. New product development success is related to information shared between Marketing, Manufacturing and R&D.

INTRODUCTION

Information sharing between functional areas is a vital component of integration (Moenaert and Souder, 1990). In many situations, market information resides primarily in the Marketing function, pure technology and new applications of technology resides primarily in the R&D function and applied technology and the ability to produce specific products reside primarily in the Manufacturing function. Thus a mutual interdependence is created, and information must be exchanged in order for each of the functional areas to operate more effectively. Information found in one functional area becomes an important input variable in the decision making and operation of other functional areas (Gunn, 1991). In spite of the improvements made in information sharing between functional areas, organizations must continue to strive to maximize the potential benefit of effective information sharing. According to Schrage (1990), information sharing between people with diverse, specialized backgrounds result in innovative solutions and innovative products. Schrage envisions information sharing as a much richer process than communication or teamwork. Information sharing results in the creation of value that maximizes the creative inputs of each group member.

CHARACTERISTICS OF SHARED INFORMATION

A rich stream of research (Gupta, Raj and Wilemon, 1986) has identified a number of factors which can hinder functional integration,

including: (1) lack of communication, (2) lack of senior management support, (3) spatial separation, (4) existence of reward systems that do not encourage and may even discourage cooperation, and (5) the lack of credibility. The use of information has been extensively investigated by Deshpande and Zaltman (1987) and Moorman, Deshpande, and Zaltman (1993). Initially, this literature addressed the instrumental use of market research information. Subsequent studies expanded the definition of market research to include all types of market, or customer, information. The later studies also investigated information characteristics in information provider-user dyads which were both internal and external to the organization. Five major information factors were found to be important. These factors, similar to those identified by other researchers in this area (John and Martin, 1984; Shrivastava, 1987; Menon and Varadarajan, 1992), include: technical quality, ability to implement, acceptability, surprise, and trust. These factors, combined with the previously-discussed factors related to integration in organizations, were divided into three sub-categories: Information Characteristics, Relationship Characteristics and Integration Characteristics, and used to develop the Characteristics of Information listed in [Table 1](#).

DATA COLLECTION

The sixteen information characteristics were used to develop a questionnaire. Using a series of Likert-type response questions, managers were asked to indicate their agreement with statements about the information factors.

TABLE 1
Characteristics of Information

Information Characteristics
1) Technical quality.
2) Contained contradictory information.
3) Information addressed problems.
4) Ability to implement recommendations in information.
5) Timeliness of information sharing.
6) Solutions could be implemented with present resources.
7) Implications of shared information were acceptable to receiving area.
8) Implications of shared information were acceptable to others in organization.
9) Degree of surprise contained in shared formation.
Relationship Characteristics
10) Information addressed important issues from the beginning of the project.
11) Amount of trust and confidence in colleagues from other functional areas.
12) Friendliness and trust.
Integration Characteristics
13) Give-and-take in relationship.
14) Early involvement in discussions.
15) Conflicts between functional areas resolved in timely manner.
16) Perceive other functional area as important source of information.

Managers were asked to indicate this for information shared between Marketing, Manufacturing R&D during new product development. Each manager was asked to indicate his/her responses about information received from both of the other two functional areas. (Thus, Marketing was asked to evaluate the information received from Manufacturing and R&D using the criteria shown in [Table 1](#).) Respondents were asked to confine their responses to the information shared during an individual, specific new product development project or program, but were not asked to identify the particular program or project.

Small, medium and large-sized research-intensive firms from a wide variety of high-technology industries were selected for this study. A research intensive firm was defined as an organization which spent more than 3% of the previous year's sales on R&D. Managers from Marketing, Manufacturing and R&D were invited to participate. Organizations receiving questionnaires were randomly assigned to receive questionnaires involving a successful or an unsuccessful new product development project. (Managers within the same organization received the same questionnaire.) No attempt

was made to have the managers within the same organization respond to the identical project. Managers were asked to confine their responses to an individual successful or unsuccessful project, but were not asked to identify the specific project.

Of the 300 firms initially selected, 83 declined to participate. This resulted in a theoretical sample size of 217 companies at 3 questionnaires per company, for a possible total of 651 completed questionnaires. Of this, responses were obtained from 154 managers, yielding a response rate of 21%. The sample total of 154 consisted of 94 responses involving successful new product development programs and 60 responses concerning unsuccessful new product development programs. The 94 responses received about a successful program included responses from 30 R&D managers, 32 Manufacturing managers and 32 Marketing managers. This portion of the sample contained 21 Marketing-Manufacturing-R&D managers (triads) from the same organization. The sample of 60 unsuccessful new product development programs consisted of responses from 24 Marketing managers, 20 Manufacturing managers and 16 R&D mana-

TABLE 2
Response Means for Information Factors Concerning the
Sharing of Information Between Functional Areas
During a Successful NPD Project

Q	Item	R&D		Marketing		Manufacturing	
		Market.	Manf.	R&D	Manf.	R&D	Market
1.	Technical Quality	3.6563	3.3750	4.9375	3.7812	4.8529	3.8824
2.	Contradictions*	3.5625	2.8438	3.4375	3.0937	2.2353	2.3529
3.	Addresses Problems	4.3438	4.1250	4.3438	4.0625	4.4412	4.1176
4.	Ease of Implementation	3.8125	3.5938	4.0313	4.1250	4.3235	3.9118
5.	Timely	3.7812	3.1875	4.0312	3.6875	4.2059	3.4118
6.	Within Resources	3.7500	3.6250	4.0938	3.7188	4.4412	3.9118
7.	Acceptable to Us	4.4062	4.1563	4.4688	4.0938	4.5882	3.9118
8.	Acceptable to Others	4.0000	3.8750	4.4375	4.2813	4.5294	4.0000
9.	Surprises	3.9062	3.8437	4.3438	4.0625	4.6176	4.1471
10.	Omissions*	4.1250	4.3125	4.5000	4.0313	3.6765	4.5294
11.	Trust	4.5000	3.7812	4.5000	4.5625	5.1176	4.6471
12.	Friendliness	5.1875	4.6562	4.4375	4.7813	5.5000	5.4118
13.	Give and Take	4.3125	4.0625	4.5625	4.0625	5.0294	4.5000
14.	Early Discussions	4.5313	4.2812	4.5000	4.7188	4.5000	3.9412
15.	Conflicts Resolved	4.0625	4.0000	4.1562	4.4063	5.1176	4.5588
16.	Important Source	4.7500	4.3438	5.1250	5.0313	5.4412	5.0294

scale: 1 = low, 6 = high; except *, where 1 = high, 6 = low

gers. This portion of the sample contained 14 Marketing-Manufacturing-R&D managers (triads) from the same organization. The combined number of R&D/Marketing/Manufacturing managers responding from the same organizations is 105, representing 35 triads.

RESULTS

In order to examine differences in the characteristics of information shared between functional areas during successful and unsuccessful new product development, means were calculated for each of the sixteen characteristics reported by functional areas. The sixteen information characteristics rated the highest by functional area for successfully completed new product programs are listed on [Table 2](#), and the characteristics rated the

lowest by functional area for unsuccessfully completed new product development programs are listed in [Table 3](#).

DISCUSSION OF RESULTS AND MANAGERIAL IMPLICATIONS

Examination of the response means in [Tables 2](#) and [3](#) reveals several facts. High mean values in [Table 2](#) indicate that companies are doing well on these characteristics during successful new product development. Low mean values in [Table 3](#) for characteristics during unsuccessful new product development indicate opportunities for improvement. In [Table 2](#), the information factors related to successful new product development programs include Information Characteristics, Relationship

TABLE 3
Response Means for Information Factors Concerning the
Sharing of Information Between Functional Areas
During an Unsuccessful NPD Project

Q	Item	R&D		Marketing		Manufacturing	
		Market.	Manf.	R&D	Manf.	R&D	Market
1.	Technical Quality	3.2143	4.0714	3.9524	3.1905	4.5556	2.8889
2.	Contradictions*	4.4286	2.4286	3.6667	2.9524	2.0000	3.5000
3.	Addresses Problems	3.1429	4.8571	3.3810	3.8095	3.5556	3.5556
4.	Ease of Implementation	2.5000	3.5000	3.7619	3.7143	2.8889	3.0000
5.	Timely	3.0000	4.1429	2.9048	3.3333	2.6119	3.0000
6.	Within Resources	2.7857	3.8571	2.4286	3.3810	2.5556	3.0556
7.	Acceptable to Us	2.5714	4.9286	2.8571	2.9524	3.1667	3.2778
8.	Acceptable to Others	4.0000	4.4286	3.5238	3.6667	3.3889	4.2778
9.	Surprises	2.7857	3.5000	3.7143	3.1905	1.8889	2.9444
10.	Omissions*	4.7143	3.0000	4.0476	3.1429	4.0000	3.9444
11.	Trust	2.7857	4.3571	4.2381	4.3810	3.6111	3.3333
12.	Friendliness	4.0000	4.5000	5.1905	5.2857	4.6667	4.6667
13.	Give and Take	2.6429	4.5000	4.2857	4.0952	3.1111	2.8333
14.	Early Discussions	5.2857	4.1429	4.4286	4.4286	3.6667	2.5000
15.	Conflicts Resolved	2.4286	3.9286	4.1905	4.0000	3.5556	3.6667
16.	Important Source	4.0714	4.7143	4.4286	3.6667	4.3333	4.2222

scale: 1 = low, 6 = high; except *, where 1 = high, 6 = low

Characteristics and Integration Characteristics. It is interesting to note the majority of the characteristics relate to the interface between the functional areas and not to the information per se. One can also see there are consistent characteristics across the functional area dyads. From this, we conclude that an effective exchange of useful information between functional areas depends upon effective integration between those areas. Organizations need to establish and maintain productive interface relationships in order to maximize the effectiveness of many organizational processes, including new product development.

The factors rated lowest in unsuccessful projects (Table 3) are all, with one exception, Information Characteristics. Since all but one

of the characteristics identified were Information Characteristics, it would seem logical that managers in the same organization might simply ask for whatever changes were necessary to improve the usefulness of shared information. Companies need to look at both *how* the functional areas interact as well *what* information is actually exchanged.

Information shared between functional areas in an organization must be used if it is to have value. Information received and discarded or minimized is not useful. This research has indicated that the perceptions of the usefulness of information shared are as much, if not more, factors of the prior relationship between the functional areas rather than the perception of the information exchanged. Organizations must encourage continued interaction between func-

tional areas if they wish to maximize the efficiency of the collective knowledge of the organization.

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MODELS OF SUCCESSFUL INDUSTRIAL PRODUCT LAUNCH: WHAT DRIVES THE DEVELOPMENT PROCESS?

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ABSTRACT

Product Launch is a costly and risky contributing factor to ultimate product success. This study examines successful industrial product launches and identifies key factors of

success. We propose two models of successful industrial product launch, and discuss the importance of the "dual-drive" (technology plus market) concept in new product development.

BRANDS EVOLUTION: THE CHASMS REVEALED FROM EXPERTS' PERSPECTIVES

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ABSTRACT

The literature indicates brands have evolved beyond the 1960 AMA definition. Interviews with 20 leading edge brand consultants emphasize brands' intangible components, linking firms' marketing activities with consumers'

perceptions. Experts perceived a gap between theirs and brand managers' more simplistic perspective due to their short-term, internal orientation and lack of experience.

INTRODUCTION

The classical approach to brand management is facing numerous challenges, so much so that questions have been raised about the future health of manufacturers' brands (The Economist 1993; Mitchell 1994). The central tenet of the classical brand management model is that as a result of augmenting the core offering with consumer relevant added values, consumers will be prepared to pay a price premium. Yet, recent events indicate this is questionable. The 20% price cut of Marlboro in April 1993 awoke many marketers to the fragility of brand price premiums and strategies such as "Every Day Low Prices" have since been followed by major players (Richards 1996). Other changes can be discerned which indicate a move away from the classical model of brand management. For example, a changing reliance on advertising as a consequence of new communication channels and direct marketing, the lack of sustainability of functional competitive advantages and a greater involvement of consumers in the adding value aspect of brands (de Chernatony 1996).

In view of the challenges to the classical brand management model, it is appropriate to revisit the conceptual underpinning of the "brand". The paper addresses this issue, firstly by considering whether the definition of the brand, as discussed in the literature, has evolved beyond the perspective of name and visual features developed in the 1960s. We then consider the emerging criticisms of brand managers' roles as brand custodians and why they may not be fully capitalising on the

strategic opportunities implied by the changing perspective on brands. Having established the current conceptualization of brands, we compare it with the interpretations emerging from depth interviews with twenty leading edge brand consultants. A shift in emphasis from a notion of brands as logos to a more integrated view of matching manufacturers' input with associations in consumers' minds comes to light. We note the experts' perceived discrepancy between their way of thinking about brands and that of brand managers. Propositions are advanced about the resulting new mode of branding.

DEFINITIONS IN THE LITERATURE

Nine main brand themes emerged from a review of the brand literature, i.e., as: i) *a legal instrument*; ii) *a logo*; iii) *a company*; iv) *an identity system*; v) *an image in consumers' minds*; vi) *a personality*; vii) *a relationship*; viii) *adding value*; and ix) *an evolving entity*. Additionally, de Chernatony (1993) developed the concept of brands as manufacturers' creations (input perspective) versus brands as existing in consumers' minds (output perspective). The main characteristics of the nine themes and their input versus output orientation are summarized in [Table 1](#).

As illustrated in [Table 1](#), the notions of the brand as a legal instrument, as a logo, as a company and as an identity system stress a manufacturer's, or input perspective on brands. Another stream of brand definitions, which blends the manufacturer's input with the consumer's output, is expressed by the concepts

TABLE 1
Themes of Brand Definitions

Theme	Input vs. Output Perspective	Characteristics of Definition Theme	Selected References Citing Definition
Legal instrument	Input	Legally protectable trademark.	Simonson (1994)
Logo	Input	Name, term, sign, symbol and design. Visual features.	AMA (1960); Aaker (1991)
Company	Input	Recognizable corporate name and image. Culture, people of organization.	Diefenback (1992); Aaker (1996)
Identity system	Input	More than just a name. Holistic whole with six integrated facets.	Kapferer (1992)
Image	Input/Output	Image in consumer mind is brand "reality".	Gardner and Levy (1955); Arnold (1992)
Personality	Input/Output	Psychological values.	Blackston (1992); Arnold (1992)
Relationship	Input/Output	Consumer has attitude to brand. Brand has attitude to consumer.	Arnold (1992); Blackston (1993)
Adding value	Input/Output	Non functional extras. Consumers imbue brand with subjective meaning they value enough to buy.	Jones (1986); de Chernatony and McDonald (1994)
Evolving entity	From Input to Output	Evolution from brand as a "reference" to brand as "policy"	Goodyear (1996)

of brands as images, as personalities, as relationships and as adding value. Finally, an evolutionary view perceives brands as evolving from an input to an output perspective.

CRITICAL LITERATURE ABOUT BRAND MANAGERS

Brand managers should be the custodians, the controllers and the nurturers of brands (McWilliam 1991). Yet, they have been described as "Murderers of Brand Assets": young, inexperienced, and short-term focused on building market share rather than the brand itself (Hise and Kelley 1978; Mitchell 1994). Further criticisms include their lack of customer orientation (Low and Fullerton 1994; Freeling 1994).

One reason for the dominance of short-term actions, is the necessity to deliver positive quarterly financial results (Irmscher 1993). Another reason is the high turnover in brand managers. A survey (Marketing 1995) reported that the average brand manager remains in her job for just under 3 years. Often brand management is assigned to younger managers, as part of career development. The pressure to initiate change, just to signal their presence, may result in a lack of consistency over time (e.g. McWilliam 1991). Some remark that, because of the high turnover of brand managers and their short-sightedness, advertising agencies may hold more collective knowledge of the brands than the clients (Kemp 1996).

The quest for continual profit growth has led to seeming risk aversion on the part of brand managers and reliance on brand name alone, or relative minor product changes, to differentiate an offering. Furthermore, brand managers appear over reliant on trade and consumer promotions, at the expenses of advertising, diluting their brand image. Hence, from the brand managers' perspective, the brand appears to be regarded as a name to be exploited to satisfy short-term sales and profits goals. As a consequence of these problems many are advocating a shift to other forms of management such as category management (George et al. 1994) or cross-function management (Armstrong et al. 1996).

RESEARCH AIMS AND METHODOLOGY

In view of the challenges to the classical brand management model and the differing perspectives in the literature about the brand, we sought to understand how leading-edge brand consultants interpret brands. Specifically we investigated: (a) experts' understanding of brands; (b) their perceptions as to how their clients understand brands; and (c) their views as to why there may be differing interpretations. Given the exploratory nature of the research, we undertook in-depth interviews, which allowed us to elicit experts' views within their frames of reference, without imposing our preconceptions. To uncover as wide a perspective as possible, we undertook 20 depth interviews. To qualify, respondents needed to be senior consultants who specialize in advising clients about brand marketing issues. They needed to be sufficiently well recognized for their brand consulting expertise that they frequently present at management conferences on branding, or had written books or papers on branding, or be recommended by their peer group. The 20 consultants were either partners or directors in brand consultancies (9), advertising agencies (7), market research agencies (2) and corporate communications agencies (2). The depth interviews typically lasted around one hour and were recorded, then subsequently transcribed.

EXPERTS' DEFINITIONS OF "BRAND"

Whether All Experts Had The Same Brand Definition

No one definition was common to all experts. A spectrum of definitions emerged, characterized by the extent to which the experts regarded brands as being tangible or intangible entities. The most tangible perspective was proposed by a brand consultant as *"a set of visual features, animated by advertising and promotion, which symbolize a product or service and which are used in various ways to identify it"*. A far more intangible perspective was adopted by another brand consultant as a cluster of values *"with a vision that binds those values together"*. However, virtually all respondents (18) stressed brands' intangible nature, and half of these linked the tangible component to the intangible, e.g., *"Trademark that has acquired a personality trait"* (brand consultant).

Only one expert had a definition that came close to the AMA definition of the brand as a logo. The others spoke about brands beyond this level, incorporating characteristics such as expressions of value systems, personalities, clusters of associations, added values, expectations, relationship builders, simplifiers, trust and goodwill. Some indirectly referred to the "legal instrument" and "logo" definitions as "old" definitions. The experts' emphasis on brands' intangible elements is at odds with the widely quoted AMA definition which stresses the brand's visual features. The experts' views are more akin to the recent academic literature (e.g. Kapferer 1992) which advocates brands as complex entities, blending both tangible and intangible elements. Hence we propose that:

Proposition 1: Because of the ever growing emphasis on brands' intangible components, the perspective of brands' logos and trademarks as differentiating devices appears too restrictive in today's environment.

Input Versus Output Theme

The branding process starts with managers devising brand plans, yet ends with consumers choosing brands, based on their perceptions about the fit between their functional and emotional needs and the brands' functional capabilities and their symbolic representation. Within this context, some might overly stress the supplier, or input perspective, on brands, and others the consumer, or output aspect.

Only one brand consultant adopted an overtly input stance, ("*set of visual features*"), whereas four had notable output stances, for example: "*I would start with what people think of this thing*" (brand consultant), or "*it is something that exists in people's heads*" (advertising consultant). The remaining 15 had a balanced perspective encapsulating both input and output considerations. For instance: "*it's the [consumer] perception [of what] an organization is trying to engineer and maintain and develop [...] and is manifest through artifacts and representations*" (corporate communication consultant); "*it is simply a badge or name or means of recognition ... and that badge then acquires certain meanings or associations for people over time*" (advertising consultant). A recurrent theme amongst those making output related comments is the concept of brands as perceptions in consumers' minds. This point was made by nine respondents (e.g. "*a brand exists in the mind, or not at all, as a blend of both tangible and intangible elements*" - advertising consultant). Within this theme, it is possible to discern rational as well as emotional aspects. For example, "*a collection of things that exist in people's heads that lead you to believe in some way that the product is superior to other products ... then there is another collection of things which are to do with emotions*" (advertising consultant). The emotional aspect (e.g. "*are they my kind of people?*" - advertising consultant) interacts with performance perceptions to affect people's overall assessment. From these findings we postulate:

Proposition 2: A brand is the link between firms' marketing activities and consumers' perceptions of functional and emotional elements in their experience with the product and in the way it is presented.

EXPERTS' VIEWS ABOUT MANAGERS' DEFINITIONS

In view of consultants significant interaction with managers, they should have considerable insight as to managers' views about brands. We therefore asked them to clarify what they thought the term "brand" means to the managers they work with.

Virtually every expert said amongst their clients they would be able to identify managers with views differing from theirs. This is not to say that some managers would not share their views, however only 7 felt sufficiently confident in this. As this minority explained, this will vary by company ("*I think it would be shared by people we regard as leading brand owners ... Mars ... Unilever ... P & G ... but companies ... drift away from that view*" - advertising consultant), by sophistication of manager ("*the less sophisticated ones would simply be the products that they market with the names, they have put on*" - brand consultant; "*others will look at it in much more sophisticated ways, in terms of the components that they are trying to project through the branding to support what the organization is trying to achieve*" - brand consultant), and by type of manager in the firm ("*there are two different types of managers ... general line managers ... and marketing specialist*" - corporate communication consultant; "*there is a difference between brand nurturers, and brand managers*" - advertising consultant).

Almost all felt that many managers have a superficial appreciation of brands. Consequently, consultants felt that often managers were not able to capitalise on the full potential of their brands. As one brand consultant explained: "*Very, very few brand managers understand their brands. They may think of a brand as a logo, packaging and name. But that's not good enough. If you asked 'what are the values that are represented by that brand?', they would say: quality, excellence, integrity and value for money And it's terrifying, because those values are obviously replicated by anybody else in the market place. So they don't understand brands, they don't understand what they mean to consumers*". As the CEO of a global consultancy specializing in branding said "*You often see companies that are fantastic innovators and are great technologists*

and great producers of products, but branding is a labelling process: we have got to call it something, what name shall we bang on it?"

As a brand consultant explained, managers *"are pretty unhappy with the abstract,"* and they prefer to talk in tangible terms. The majority of experts said managers regard brands as physical manifestations of names, enabling differentiation through aspects such as product performance, labels, logos, packaging, product literature and advertising slogans. Thus while the 1960 AMA definition rarely encapsulated experts' views, it appears to more frequently represent managers' views.

Tying in with the role of the brand manager, two consultants also felt that managers regarded brands as part of marketing processes. One argued that managers thought of brands in terms of internal activities needed to deliver tangible offerings and an advertising consultant felt brand managers regarded it as a sales mechanism.

A variety of reasons were advanced to explain the more basic view of brand managers. The first reason, already alluded to, is that managers prefer to think in terms of physical objects, rather than concepts. This leads to the mentality of the brand as *"product plus extra"* (advertising consultant). Brand managers do not have the time to think about brands. Many echoed one expert's view that *"brand managers are essentially about delivering profit and loss expectations, preferably profit rather than loss. They do have a secondary responsibility which is the nurturing of a brand. But, ----- in many client companies, that isn't really something that gets a great deal of attention"* (brand consultant). Being *"more internally focused"*, they think about production processes, rather than customer relationship building. The danger is that they get *"into a frame of mind where ----- [they] ignore the consumer end"* (advertising consultant). Consequently they don't think in terms of *"bringing a set of values to this process"*, but rather conceive it *"in military terms of targets ----- shoot out, we reach our targets, we capture our markets"* (same advertising consultant). This internally focused mindset leads them to adopt a micro rather than macro view. For example *"they don't brief ad agencies about brands, they brief us to produce ads"* (advertising consultant). Brand managers are working to short-term

objectives and without a strategic orientation they narrowly focus on the brand as a tactical device. Thus they *"would spend 90% of their time making sure the channel is happy"* rather than *"thinking strategically about the long term health of the brand"* (brand consultant). They shy away from the long term task of building brand values, arguing *"yes that's fine but what about some sales"* (brand consultant). With their focus on managing the next sale, rather than the brand, an advertising consultant noted how this philosophy was inconsistent with their interest in brand valuation which *"is essentially about forecasting the long term future profit stream"*.

Experts felt that in only a minority of companies these problems are overcome by more senior managers taking a long term strategic view about brands. A few experts were critical about senior executives' limited contact with consumers. Marketers' absence from main board appointments was mentioned as further compounding the short-term orientation problem. From these results we posit:

Proposition 3: Because of their short-term orientation and limited experience, managers' notions of brands are perceived to be more restricted and simplistic than that of branding consultants.

CONCLUSIONS

While restricted to leading edge brand consultants in the UK, the research has provided useful insights into the most up-to-date thinking concerning the nature of brands. Furthermore, experts' views provide a basis for managers to reflect upon their current practices, and how they could better capitalise on their brand assets.

We propose that the emerging concept of the "brand" is a complex entity whose core essence is a set of values and personality traits which should be developed into an integrated identity system. If communicated appropriately, such values become a set of perceptions in consumers' minds, by means of a process that develops through the consumer's physical and emotional experience with the brand over time. Thus brands can be thought of as a shorthand for all the knowledge and experience that consumers have acquired firstly through the pur-

chase and use of the brand, and secondly through their exposure to advertising.

The evolving concept of the brand and the recent turmoil in branding earlier discussed suggest a need for changes in the way brands are managed. We found a gap between experts' views of the brand, as a value and personality system linking the company's marketing activities and consumers' perceptions, and the more restrictive interpretation of brand managers, considering brands as "product plus extra". One way to bridge this gap is by adopting a more strategic and long-term approach to developing and communicating brands. This can be achieved through encouraging a greater consistency amongst brand managers' perceptions of brands, setting brand objectives with less emphasis on short-term targets, and striving for a less internally focused mind-set with greater concern for appreciating consumers' perceptions. In order to ensure that the external projections of brands are consistent with consumers' experiences, brands' values and identities should be communicated and developed both inside and outside organizations involving all departments' employees in the nurturing of their firms' brands. This is particularly important for services brands which are much more reliant on employees' actions and attitudes.

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MARKET ORIENTATION, LEARNING AND INNOVATION

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ABSTRACT

After a long period of dormancy, there is a renewed interest in the topic of market orientation (Day, 1994; Kohli and Jaworski, 1990; Narver and Slater; 1990). This stream of research has recently been expanded to include the notion that a market orientation is inherently a learning orientation (Slater and Narver, 1995).

This paper makes the argument that market and learning orientations are both special cases of an innovation orientation. Further, a brief review of the literature on the characteristics of innovative organizations is presented which can aid theory building in the area of market orientation research.

INTRODUCTION

Kohli and Jaworski (1990) defined market orientation as the organization-wide generation and dissemination of market intelligence combined with responsiveness to this information; that is, learning and then acting on this knowledge. An examination of this definition, and Slater and Narver's (1995) idea that this construct is related to organizational learning, begs the question: How is this different from an orientation toward innovation? In fact, one might argue that there is little difference; that is, market and learning orientations could be subsumed under the label customer and competitor (market) driven innovation. This is particularly true if you subscribe to the view that organization learning manifests itself in the adoption of some new idea, process, product, or capability in the organization. This is consistent with Thompson's (1965) definition of innovation which included the acceptance and implementation of new ideas.

The increased interest in market orientation may be due to the constant need today for change, innovation, and renewal which is necessary because of global competition, increased customer expectations, and rapid changes in technology. There is a long history of research in the innovation area concerning organizations which have operated in these types of environments. If we frame market orientation research as related to innovation, we find a great deal of scholarly work that can inform our exploration.

INNOVATION

Thompson (1965) defined innovation as the "generation, acceptance and implementation of new ideas, processes, products or services" (p. 2). If we add the words "to compete more effectively in markets" we are back to research on market and learning orientation. Van Gundy (1987) suggested that to be considered an innovation the new idea must have some functionality; that is, it must solve some problem or respond to some need. He defines innovation as "the process of proposing, adopting, and implementing an idea (process, product or service) new to an organization in response to a perceived problem" (p. 360). New products and services refer to the creation of products and services that did not exist in the organization prior to the innovation; new processes refer to new manufacturing techniques or procedures, new technology, or new ways of managing or administering work in the organization.

PROPERTIES OF INNOVATIVE AND MARKET ORIENTED FIRMS

Jaworski and Kohli (1993) develop a number of hypotheses concerning the properties of market oriented firms. A review of the innovation literature highlights a number of properties that have been identified in market orientation research (environment, strategy, conflict, senior management emphasis, formalization and centralization) and number that have not been previously discussed (size, resources, differentiation, power sharing, communication, and parti-

ipation). No definitive list exists regarding the characteristics of groups, organizations or their environments that promote innovation. However, there does exist an extensive body of literature from which to draw in attempting to build a model of organizational innovation that can be tested for particular organizations and particular innovations (e.g., market driven innovativeness).

Figure 1 outlines a model for integrating the literature on innovation and market and learning orientation. The model implies a causal relationship with some factors being broad transformational variables that lead to organizational properties which facilitate market oriented innovation. The elements of this model are reviewed briefly as a stimulus to achieve better integration between research on innovation and market orientation. Due to space limitations not all citations will appear where empirical studies have been done. Since there is a vast quantity of research on innovation, the reference list would amount to many pages. Instead, Hurley (1995) is cited where the detailed references can be found.

have posited a strong link between characteristics of the environment and the motivation and capacity to innovate. Perceived environmental uncertainty stimulates innovation. Empirical studies of innovation support this link between perceived environmental uncertainty and innovation (Van Gundy, 1987). Another major antecedent to the innovative organization is leadership. A number of studies have shown that favorable attitudes on the part of top management toward change are an important predictor of innovation (Hurley, 1995). Finally, organization strategy, defined as the critical purposes, goals and policies of the organization, has been identified as a factor affecting innovation. Miles et al. (1978) indicated that firms may have strategic preferences that favor innovation. Two of the strategic types they noted were "defenders" and "prospectors," based on differences in attitudes and behaviors with respect to innovative strategies. Others have indicated that firms with a long term rather than a short term strategic horizons are more likely to innovate, given that success in implementing innovation often does not come easy or on the first attempt (Hurley, 1995).

TRANSFORMATIONAL CHARACTERISTICS

Models of organizational innovation, like other models of organizational performance,

Transformational forces will affect whether, and the extent to which, groups take on structural, process or behavioral characteristics which foster market driven innovation. These

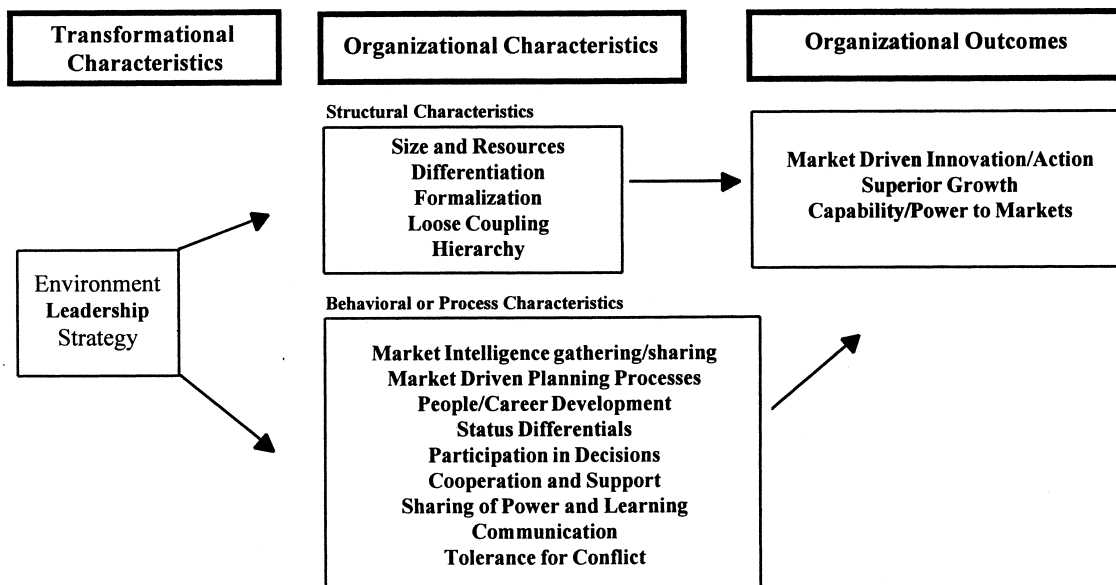


FIGURE 1
Environment, Organization and Market Driven Innovation

transformational characteristics operate both within (e.g., leaders) and external (e.g., environment) to the group.

STRUCTURAL CHARACTERISTICS OF ORGANIZATIONS

Structural properties have to do with objective attributes which describe organizations (e.g., size and age). There is a consensus in theoretical and empirical work that organization size and resources are among the strongest predictors of innovation (Hurley, 1995). In terms of market driven innovation, size and resources may affect the types of initiatives that are undertaken as well as their scope. Organizational differentiation, which refers to heterogeneity in occupational types can have a positive affect on the generation of innovative ideas through promoting conflict, preventing the occurrence of a dominant ideology, and enhancing the cross-fertilization of ideas. Also, a number of theorists have suggested that organizations utilizing less formal mechanisms of control (e.g., normative control vs. rules and procedures) tend to be more innovative. Shepard (1967) explains this by saying that low formalization promotes openness and flexibility in roles, which is a precondition for developing new ideas.

Finally, there is some evidence that organizations that emphasize loose coupling of groups and flat hierarchies in their structure are more innovative (Hurley, 1995). Loose coupling refers to the ease with which actors can move across organizational boundaries as the situation warrants. Such a structure facilitates the sharing of expertise, more open and frequent communications, and a tendency to focus on results rather than turf or hierarchy.

These structural factors emerge over time and may affect the capacity of the group or organization to conceive of and implement market driven innovations. They may also be correlated with certain behavioral or process characteristics.

BEHAVIORAL AND PROCESS CHARACTERISTICS OF ORGANIZATIONS

Behavioral or process characteristics concern how work is done in an organization. These processes may either enhance or inhibit

innovative capacity. As Day (1994) described very well, market oriented firms have different capabilities, processes and cultures which enable them to compete more effectively. Perhaps most importantly, they have effective processes for eliciting and deploying the voice of the customer and reflecting customer priorities in planning (Hurley and Laitamaki, 1995). It appears that training and career development also enhances innovation by infusing organizations with new ideas, aiding the cognitive capacity to notice and be creative, and helping overcome new obstacles to implementation through learning (Hurley, 1995).

There is also wide support for the view that preoccupation with status and inhibitions caused by status differences within the organization impede innovation (Hurley, 1995). Burns and Stalker (1961) have suggested that organic organizations are more innovative. One of the key characteristics of organic organizations that has been linked to innovation is decentralization and relative freedom at lower levels (Hurley, 1995). Thompson (1965) also suggested that innovation was stifled due to lack of participation caused by the "need to control," which he argued was an inevitable product of bureaucratic organizations. Empirical studies have supported this link between autonomy, delegation and openness of decision making and innovation (Hurley, 1995). It should be noted that while participation and consensus decision making may be positively related to idea generation, there is also evidence that a decentralization of decision making may be negatively related to the implementation of innovations (Zaltman et al. 1973).

Angle (1989) making the point about support and innovation suggested that innovation, "no matter how individually it may have been initiated, always becomes a collective undertaking at some point in its implementation" (p. 141). Power sharing, which can be viewed as a special case of support and cooperative behavior, has been associated with innovativeness. Empirical evidence supports the link between support, power sharing and innovation (Hurley, 1995).

There is considerable evidence that innovative organizations have higher levels and better quality (i.e., openness) of communications both horizontally and vertically (Hurley, 1995). This has the effect of increasing the amount and the

diversity of inputs in the innovation process. Finally, Thompson (1965) has suggested that conflict encourages innovation. He cites the absence of legitimate conflict, due to extreme centralization of authority, as one of the primary factors inhibiting innovation in bureaucratic organizations.

CONCLUSION

The purpose of this paper was to stimulate some reframing of the market and learning orientation stream of research. A conceptual framework was offered that integrates research on innovation with market and learning orientation work. Also, relevant findings from the innovation literature were reviewed to add to the discussion concerning market orientation. Market and learning oriented firms are innovative organizations. These organizations initiate and implement new ideas, processes, products, and services with the purpose of increasing relative value delivered to customers in the markets in which they compete. Research concerning market and learning orientation is an example of where venturing outside the traditional boundaries of the marketing discipline enables us to achieve a greater understanding of complex, multi-dimensional constructs such as market and learning orientation.

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A FRAMEWORK FOR INDIVIDUAL USE OF MARKET INFORMATION

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ABSTRACT

Prior empirical work aimed at understanding market information use has focused primarily on factors impacting use of market research or organizational perspectives relating to market information use. This paper presents a concep-

tual model that integrates variable domains to explain information use by individuals within organizations, and suggests important implications for the exploration and management of market information use in organizations.

INTRODUCTION

The problem of maintaining a customer driven organization in a business environment characterized by shorter product life cycles, global competition, and new strategic alliances has fueled increasing managerial and academic interest in the effective use of market information (Deshpande 1982; Deshpande and Zaltman 1982, 1984, 1987; Moorman, Zaltman, and Deshpande 1992; Menon and Varadarajan 1992). Indeed, organizational generation, dissemination, and responsiveness to market intelligence have been more recently conceived as integral elements of a market orientation which has been found to be positively related to business performance and the commitment and satisfaction of employees (Kohli and Jaworski 1990; Jaworski and Kohli 1993). Clearly, understanding market information use is a topic of significant importance within the marketing discipline.

Empirical and conceptual efforts aimed at understanding market information use can be broadly partitioned into two areas: (1) explorations of factors impacting the use of market research; and (2) organizational perspectives relating to market information use. The first stream of research examined the nature of the research problem, the nature of the information, characteristics of the organization, and interpersonal factors that affect research use (Deshpande and Zaltman 1982, 1984, 1987; Lee, Acito, and Day 1987; Moorman, Zaltman, and Deshpande 1992; Moorman, Deshpande, and Zaltman 1993).

While the groundbreaking work in this area has provided valuable insights, it focused on *market research* use, a subset of *market information* use. Although market research is often a significant component of a firm's market information mix, market information/intelligence can take many forms. Issues relating to the use of market research may not be operative to the same degree for other forms of market information. Our theoretical and managerial understanding of market information will remain incomplete without consideration of other forms of market information beyond market research.

The second body of work aimed at understanding market information use can be described as organizational perspectives relating to market information use. For example, Menon and Varadarajan (1992) discussed the nature of knowledge utilization, developed a framework for circumscribing knowledge use, and offered a conceptual model of informational and organizational factors affecting marketing knowledge utilization in firms. In an exploration of antecedents and consequences of a market orientation, Jaworski and Kohli (1993) examined the influence of factors related to top management, interdepartmental dynamics, and organizational systems on the generation, dissemination, and responsiveness to market intelligence.

Clearly, work in this area indicates that sociological and organizational orientations increase our understanding of market information use. However, as noted by Menon and Varadarajan (1992) there is a need to examine knowledge use issues from a micro (i.e.

individual manager) perspective. Jaworski and Kohli (1993) also point to a micro orientation in broaching the issue of assessing employee characteristics (i.e. personality, attitudes) as potential factors influencing market orientation.

In summary, empirical and conceptual work aimed at understanding market information use has focused on factors impacting the use of market research and organizational perspectives regarding the use of such information. Given the relationship between individual and group behavior, we contend that a conceptual framework delineating factors impacting *individual-level market information use* in organizations will be a powerful complement to the two research streams outlined above. The purpose of this paper is to extend the market information use literature by presenting a conceptual model and research propositions relating to individual-level market information use within organizations.

A CONCEPTUAL MODEL OF INDIVIDUAL-LEVEL MARKET INFORMATION USE WITHIN ORGANIZATIONS

A conceptual model integrating several major variable domains that hold potential for explaining individual-level market information use within organizations is presented in **Figure 1**. It is important to note that we have attempted to account for the impact of variable domains identified by the organizational level

models introduced in earlier marketing literature (Kohli and Jaworski 1990; Menon and Varadarajan 1992; Jaworski and Kohli 1993), making relevant adaptations for our individual-level orientation. We detail these connections, where appropriate, throughout the paper. The model is briefly explained and individual components are discussed in the following sections.

The model includes two perceptual domains: personal and organizational *efficacy perceptions* and personal and organizational *benefit-cost perceptions* related to information use. The sources of personal efficacy perceptions are experiences related to the development of a manager's knowledge/skills related to using a particular type of information. A manager's expectations relating to authority, task, political and identity boundaries are viewed as sources of his or her organizational efficacy perceptions. A manager's personal and organizational efficacy perceptions, in turn, are posited to directly influence his or her personal and organizational benefit-cost perceptions, respectively. A manager's benefit-cost perceptions are proposed to influence the nature of his/her information use. Information use and the feedback from outcomes may alter a manager's efficacy perceptions. We now turn to a more detailed description of the components of the model and offer exploratory propositions related to aspects of the framework.

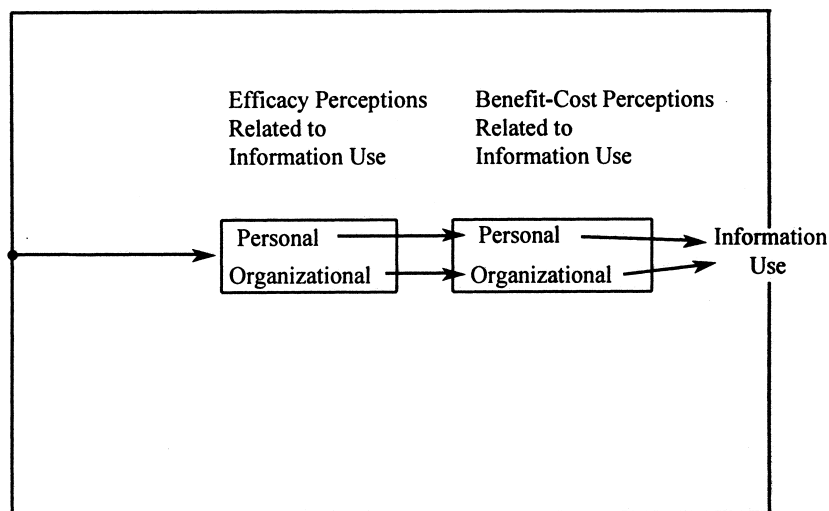


FIGURE 1
A Framework of Market Information Use in Organizations

Efficacy Perceptions

Since this model addresses individual use of information, it incorporates cognitive frameworks that explain individual behavior. The first cognitive element in the model to be addressed is the concept of self-efficacy, i.e., “people’s judgments of their capabilities to organize and execute courses of action required to attain designated types of performances” (Bandura 1986, p. 371). Within this view, competent behavior in any given situation requires both specific *knowledge* and *self-beliefs of efficacy* (i.e., judgments of what one can do with the knowledge one possesses). There are differences between possessing knowledge and the perception that one can use the knowledge effectively in a particular situation (Bandura 1986). As such, self-efficacy helps account for why individuals perform suboptimally even though they possess the requisite knowledge and why two individuals possessing the same knowledge may perform differently within the same task context. Indeed, perceived self-efficacy has been shown to significantly influence a wide variety of managerially relevant behaviors including choice of settings and activities, aspiration levels, effort expenditure, goal commitment, and work attitudes (Bandura 1986; Gist 1987). Self-efficacy is often a better predictor of behavior than past performance (Gist 1987). Self-referent thought has been shown to be a powerful mediator of the relationship between knowledge and behavior and, as such, holds the potential to explain individual-level information use within organizations.

In our framework, efficacy perceptions are viewed as a cognitive mediator of market information use by individuals. Gist and Mitchell (1992) argued that perceived efficacy in organizational contexts is related to both the perception of individual ability and the belief that necessary collaborators in the environment can perform requisite tasks. We extend prior conceptualizations of self-efficacy by explicitly partitioning efficacy perceptions into *personal* efficacy and *organizational* efficacy. A manager has personal efficacy perceptions relating to his/her ability to effectively use a particular type of market intelligence (e.g., consumer research, competitor information, or consumer complaints). In addition, the manager has organizational efficacy perceptions relating to his/her

company’s ability to effectively use this same type of market intelligence (see [Figure 1](#)).

Benefit-Cost Perceptions

Menon and Varadarajan (1992) explicitly incorporate perceived usefulness and costs of information into their organizational-level view of marketing knowledge within firms. In our individual-level perspective, we view a manager’s benefit-cost perceptions related to using information as the immediate antecedents to information use (see [Figure 1](#)). This component of our framework was adapted from Russo’s model of consumers’ acquisition and use of information (Russo 1988; Russo and LeClerc 1991). This perspective was employed because we see parallels regarding information use between the dynamics of consumer benefit-cost tradeoffs and a manager’s benefit-cost tradeoffs. Moreover, benefit-cost analysis was demonstrated to be a better predictor of information use than the magnitude of the information program (Russo and LeClerc 1991). Although specific perceptual issues differ between consumer and managerial information use perspectives, it is the dynamic interplay among perceptions which we view as offering heuristic value to efforts aimed at understanding individuals’ use of information in organizations.

In general, the framework is based on the assumption that managers will acquire and use information when *the perceived expected benefits outweigh the perceived expected costs*. As such, an explicit delineation of benefit and cost perceptions and factors which impact them will contribute to a better understanding of managerial use (nonuse) of market intelligence.

In attempting to conceptualize managerial perceptions relating to information use, it is important to develop potential benefits and costs of information from the manager’s perspective. Note that, analogous to efficacy perceptions, benefit/cost perceptions are partitioned into *organizational* and *personal* domains. A manager has *both* organizational benefit/cost perceptions relating to the use of a particular type of information (see [Table 1](#)) as well as personal benefit/cost perceptions relating to information use (see [Table 2](#)), because individual interests may not be consistent with organizational outcomes. Further, it

TABLE 1
Organizational Benefit-Cost Perceptions

	Benefits	Costs
Tangible	<ul style="list-style-type: none"> • Improve organizational performance • Enhance strategic decision making • Enhance Strategy 	<ul style="list-style-type: none"> • Resources <ul style="list-style-type: none"> • Staff time • Data Collection expenses
Intangible	<ul style="list-style-type: none"> • Reduce decision making uncertainty • Satisfaction with decision • Self-justification of decision • positive experiential value 	<ul style="list-style-type: none"> • Effort • Dissatisfaction with decision • Inability to self-justify decision • Negative experiential value

TABLE 2
Personal Benefit-Cost Perceptions

	Benefits	Costs
Tangible	<ul style="list-style-type: none"> • Raises • Recognition • Promotion • Knowledge base development 	<ul style="list-style-type: none"> • Lack of raises • Reprimands • Demotion • Effort • Time
Intangible	<ul style="list-style-type: none"> • Satisfaction with decision • Self-justification of decision 	<ul style="list-style-type: none"> • Dissatisfaction with decision • Inability to self-justify decision

is important to recognize that benefits and costs can be tangible (i.e., tied to more concrete, overt, and/or formal consequences) or intangible (i.e., related to more psychological, covert, and/or informal consequences). Note that, in this perspective, intangible benefits-costs can be just as important as tangible benefits-costs in impacting a manager's information use.

It is proposed that managers employ a benefit-cost analysis to determine whether information will be acquired and used. We further contend benefit/cost relationships have specific implications on how information is used. This is discussed in a later section. Following is a discussion of a key variable domain, efficacy perceptions, which influences benefit-cost perceptions related to information use.

Sources of Benefit-Cost Perceptions

In their organizational level view of marketing knowledge use within firms, Menon and Varadarajan (1992) explicitly link prior dis-

positions to perceived usefulness of information. More specifically, Krueger and Dickson (1994) investigated the influence of perceived decision making self-efficacy on risk taking. They found an increase in self-efficacy increased perceptions of opportunity and decreased perceptions of threat and that changes in opportunity and threat perceptions changed subsequent risk taking. Krueger and Dickson also presented evidence that perceived self-efficacy influenced the perception of gains and losses by increasing the perceived likelihood of gains and decreasing the perceived likelihood of losses.

We posit that a manager's efficacy perceptions relating to information use directly influence his/her benefit-cost perceptions relating to using the information by increasing the perceived likelihood of benefits and decreasing the perceived likelihood of costs. Further, we suggest that these effects are domain specific with personal efficacy perceptions impacting personal benefit-cost perceptions and organizational efficacy perceptions

impacting organizational benefit-cost perceptions. Specifically we propose that:

- P1:** The stronger the perceived personal efficacy related to information use, the greater the perceived personal benefits relative to perceived personal costs of information use.
- P2:** The stronger the perceived organizational efficacy related to information use, the greater the perceived organizational benefits relative to perceived organizational costs of information use.

Benefit-Cost Perceptions and the Type and Extent of Information Use

Menon and Varadarajan (1992) identified three types of information use: action oriented, knowledge-enhancing, and affective. Although they focus on market research use, these applications can be extended to other types of information use (e.g., customer complaint use, environmental scanning, etc.).

Action oriented use results in “changes in a user’s activities practices, or policies” linked to information (Menon and Varadarajan 1992, p. 62). They noted that most knowledge utilization research has addressed action oriented use. Further, they distinguished between instrumental use and symbolic use. Instrumental use is the use of information because of its intrinsic qualities while symbolic use is the use of information for appearances rather than the intrinsic problem solving quality of the data. Instrumental use is further divided into congruous use (consistent with the intent and implications of the findings) and incongruous use (intentional distortion of information).

Knowledge-enhancing use involves changes in “the user’s knowledge and understanding of the issues and themes of the study” (Menon and Varadarajan 1992, p. 62). Thus, even if the information is not used to address an immediate problem, the person’s knowledge base can be expanded. *Affective use* is the satisfaction, confidence or trust created by the information use. [Figure 2](#) relates organizational and personal benefit-cost perceptions to action-oriented, knowledge-enhancing, and affective use. We propose the interaction between these

two sets of perceptions affects the type of individual-level information use. These scenarios are discussed in the following section.

Consistency Between Organizational and Personal Benefit-Cost Perceptions

We expect a manager’s benefit-cost perceptions will be strongly related to congruous action-oriented (instrumental), knowledge-enhancing, and/or affective information use when perceived expected benefits exceed perceived expected costs for both organizational and personal realms (quadrant 1). The predominance of tangible organizational benefit perceptions (e.g., that the information can enhance planning or implementation efforts) and intangible organizational benefit perceptions (e.g., that the information can reduce organizational decision making uncertainty) are likely to relate to instrumental use of the information. In addition, the predominance of tangible personal benefit perceptions (e.g., raises and recognition associated with information use and outcomes) are likely to further contribute to instrumental use of the information. Further, intangible personal benefit perceptions (e.g., personal knowledge base development and feelings of competence and satisfaction associated with information use) may also contribute to knowledge-enhancing and/or affective use of the information. Formally we propose that:

- P3:** A manager’s benefit-cost perceptions will be associated with instrumental, knowledge-enhancing, and/or affective information use when perceived expected benefits exceed perceived expected costs for both organizational and personal realms.

In contrast, we expect that a manager’s benefit-cost perceptions will be strongly related to nonuse of information when perceived expected costs exceed perceived expected benefits for both organizational and personal realms (quadrant 4). The predominance of tangible and intangible organizational cost perceptions are likely to relate to nonuse of the information. In addition, tangible and intangible personal cost perceptions are also likely to contribute to nonuse of the information. Therefore, we proposed that:

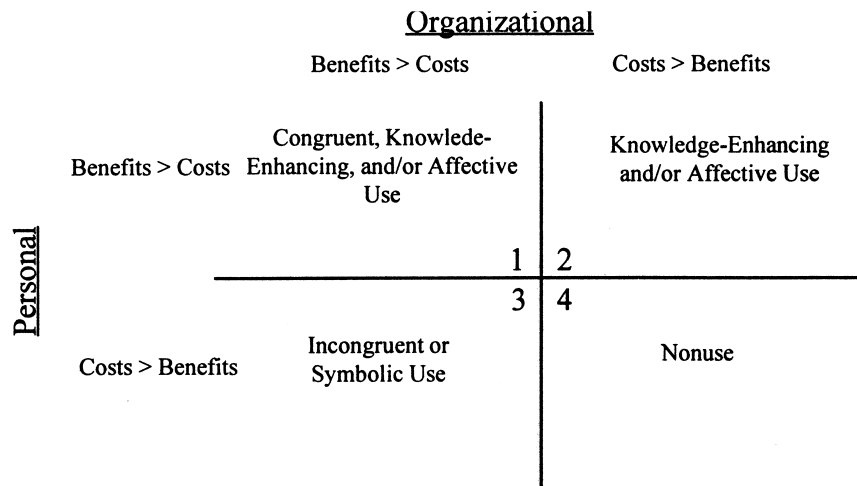


FIGURE 2
Organization and Personal Benefit-Cost Perceptions and Information Use

P4: A manager's benefit-cost perceptions will be associated with nonuse of information when perceived expected costs exceed perceived expected benefits for both organizational and personal realms.

Inconsistency Between Organizational and Personal Benefit-Cost Perceptions

We expect that a manager's benefit-cost perceptions will be related to knowledge-enhancing and affective information use when perceived personal benefits exceed perceived personal costs and perceived organizational costs exceed perceived organizational benefits (quadrant 2). The predominance of tangible personal benefit perceptions (e.g., raises and recognition associated information use/outcomes) are likely to contribute to instrumental use of the information. Intangible personal benefit perceptions (e.g., personal knowledge base development and feelings of competence and satisfaction associated with information use) are likely to contribute to knowledge-enhancing and affective use of the information.

Tangible organizational cost perceptions (e.g., time and monetary costs associated with information use) as well as intangible organizational cost perceptions (e.g., effort, an inability of an organizational unit to "comfortably" justify a decision based on the information) are

likely to negate the effect of tangible personal benefit perceptions relating to instrumental use of the information. Therefore, precedence is shifted to the intangible personal benefit perceptions (i.e., perceptions relating to the intrinsic benefits of information use) which are likely to drive knowledge-enhancing and affective use of the information. Formally, we propose that:

P5: A manager's benefit-cost perceptions will be associated with knowledge-enhancing and affective information use when perceived personal benefits exceed perceived personal costs and perceived organizational costs exceed perceived organizational benefits.

For the converse scenario, we expect a manager's benefit-cost perceptions will be related to incongruous instrumental or symbolic information use when perceived organizational benefits exceed perceived organizational costs and perceived personal costs exceed perceived personal benefits (quadrant 3). As before, the predominance of tangible organizational benefit perceptions as well as intangible organizational benefit perceptions are likely to relate to instrumental use of the information. However, the predominance of tangible personal cost perceptions (e.g., no raises or reprimands associated with information use and outcomes) as well as intangible personal cost perceptions (e.g., personal opportunity costs, feelings of

personal dissatisfaction/incompetence and inability to personally justify behavior based on information) are likely to mitigate the effect of tangible organizational benefit perceptions.

The effect of intangible organizational benefit perceptions (e.g. the information can aid justification for a decision) combined with the lack of personal "investment" by the manager is likely to result in incongruous instrumental information use at best (i.e., selective and/or distorted use of the information). Under such conditions, we see the manager as operating on the periphery of congruous action-oriented information use and he/she may, under such conditions, engage in token information use (i.e., symbolic use). Thus, we propose that:

- P6:** A manager's benefit-cost perceptions will be associated with incongruous instrumental or symbolic information use when perceived organizational benefits exceed perceived organizational costs and perceived personal costs exceed perceived personal benefits.

Summary and Implications

Most empirical and conceptual work aimed at understanding market information use has focused on factors impacting the use of market research (Deshpande and Zaltman 1982, 1984, 1987; Lee, et al. 1987; Moorman, et al. 1992; Moorman, et al 1993) and organizational perspectives/factors relating to market information use (Menon and Varadarajan, 1992; Jaworski and Kohli, 1993). However, market research is a subset of market information and issues relating to its use may not apply to other forms of market intelligence. Further, Menon and Varadarajan (1992) and Kohli and Jaworski (1993) point to the need to examine market information use from a micro (i.e., individual) perspective. It is the objective of this paper to present a conceptual model that integrates several major variable domains that can explain individual-level market information use within organizations.

The proposed model contributes to the existing work in this area in three major ways. First, it has the potential to explain individual-level market information use. Second, it gives managers a guide for developmental efforts aimed at influencing the type and extent of market information use because model variables

such as benefit-cost and self-efficacy perceptions have been shown to be malleable. Finally, the proposed model has broader implications for further exploration of organizational use of information and market orientation.

Explanations of Individual Information Use

Prior organizational-level models have focused on variables such as top management commitment or organizational structure. While organizational variables can affect information use, a critical issue is how individual cognitions mediate these factors. Our working assumption in developing the proposed model is that the behavior of individuals drives the information flow of an organization. The proposed individual-level model can potentially broaden our understanding of effective information use, and has supervisory implications.

Supervisory Implications

Our model holds implications for managing individual-level market information use within organizations. The model posits that benefit-cost perceptions directly affect the type and extent of information use. As such, if senior management desires to increase the probability of instrumental or knowledge enhancing market information use by individuals, it must ensure that the perceived expected benefits of information use (organizational and/or personal) exceed the perceived expected costs. In turn, we propose that these benefit and cost perceptions are influenced by efficacy perceptions which have specific managerial implications. These links provide potential guidance to managers trying to increase information responsiveness in an organization. For example, perceived benefits might be increased relative to costs by strengthening managerial efficacy perceptions (personal and organizational) affecting information use.

Implications for Future Research

The proposed model has research implications beyond the propositions offered in the paper. These issues are in the areas of measurement, prioritization and interaction of variables, and extensions of individual variables to organizational level relationships. Rigorous measurement development efforts with respect to efficacy and benefit-cost perceptions will be needed. In addition, contingent upon the

development of psychometrically sound measures and the establishment of proposed relationships, research attention could begin to explore the relative importance of variables and variable domains in impacting one another. Future research could investigate additional variables which might influence benefit-cost and related efficacy perceptions. Future research could also explore implications of the proposed model for organizational-level information use. Gist (1987) noted that aggregate efficacy measures hold potential to explain organizational-level performance. Extending that reasoning, to what extent might aggregate level efficacy and benefit-cost perceptions explain organizational-level market information use?

In conclusion, if current business trends hold, understanding the use of market information in organizations will continue to be a significant topic within the marketing discipline. It is our hope that the conceptual model and research propositions relating to *individual-level market information use* presented in this paper will contribute to future conceptual and empirical efforts aimed at increasing our understanding of market information use in organizations - the very foundation of a market orientation.

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EFFECTIVE MARKETING STRATEGY-MAKING: ANTECEDENTS AND CONSEQUENCES

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ABSTRACT

There is also a strong rekindling of practitioner interest in the strategy making and its impact on firm performance. Based on a meta-analysis of 320 studies in these three disciplines on the key factors affecting a firm's performance, Capon, Farley and Hoenig (1990) conclude that the marketing and management strategy field is "badly in need of more work on organization," and factors affecting the "effectiveness of planning." Nevertheless, research on the organizational context of market planning and performance has been sparse.

This study provides an initial attempt to fill this important gap in the marketing strategy literature by utilizing a discovery-oriented approach to develop a (a) multi-faceted conceptualization of strategy making in the marketing context and (b) model of the antecedents and consequences of marketing strategy making. This paper also reports the results and implications of the test of this model using data on 236 marketing mix related decisions. Aside from the substantive contribution of being the first study to provide a psychometric assessment of the dimensions of marketing strategy-making, this study adds to the marketing strategy literature in three significant aspects. One, it provides a rigorous empirical investigation of the organizational antecedents of marketing strategy making. Two, in assessing the effectiveness of the strategy, this study goes

beyond using only market performance by addressing the impact of marketing strategy making on strategy creativity and organizational learning. Three, this study offers the first empirical test of the impact of creativity on organizational learning and market performance.

The key findings of this study are the following. The seven dimensions of marketing strategy making are Situational analysis, Comprehensiveness, Emphasis on marketing capabilities, Integration, Interaction quality, Consensus commitment, and Resource commitment. While other organizational factors, centralization and formalization, affect some aspects of strategy making, innovation-oriented culture is the most significant organizational factor driving the nature and scope of marketing strategy making. Market performance is significantly affected by comprehensiveness, emphasis on marketing capabilities, and resource commitment. Learning is significantly affected by situational analysis, consensus and resource commitment. Creativity of strategy is significantly affected by comprehensiveness, integration, and interaction quality. Creativity drives market performance and learning. A *post hoc* test suggests that common method bias or variance alone cannot explain for these findings. The paper also provides several directions for future research and practice.

THE ROLE OF THE MARKETER IN A MARKET-ORIENTED ORGANIZATION

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ABSTRACT

Over the last several years, marketers have been particularly successful as preachers of a simple message: *all facets of a business should be driven by an overriding focus on customers, including the identification of their expressed and unexpressed needs and wants and the maximization of all aspects of customer satisfaction*. This view, reflecting both the earlier notion of the *marketing concept* and more recent work on *market orientation*, has generally been embraced by forward-thinking organizations as an appropriate philosophy to guide not just major marketing and strategic decisions but also the implicit culture of the firm.

It can be argued that, in some respects, marketers have been *too successful* in championing this view. As all functional areas in an organization adopt marketing principles and a customer view and as non-marketers take on tasks traditionally performed by the marketing function, marketers are faced with an organizational identity crisis, raising the question: *What is the proper role of the marketer (i.e., a member of the marketing functional area) in a market-oriented organization?* One could contend that the relative dominance of market orientation should be marked by the uplifting of the marketer to exalted status within the organization, as a sage of sorts, uniquely qualified to offer insights into the mysteries that shroud a clear understanding of the focal customer. This view would hold the marketing function as perhaps *the key contributor* to the strategy formulation process in an effective market-oriented organization.

Alternatively, the broad adoption of a market orientation may be viewed as a portent of the demise of the marketing function, at least as we have come to know it. This latter perspective is best articulated by Day (1992) who suggests that, "other business functions ... have been actively eroding the influence of marketing in the strategy dialogue" (p. 323).

Day contends that the diminution of the role of the marketing function per se has coincided with the increasing importance of marketing as a general management philosophy. Glazer (1991) captures the potentially paradoxical nature of this phenomenon in commenting that, "marketing as a philosophy would appear to have triumphed even as its activities have become too important to be left to the marketing function" (p. 17). This view would appear to relegate the marketing function to the performance of tactical tasks such as the gathering of marketing research, customizing promotions for different sales regions, and the like.

I contend that the somewhat disheartening (or at least cautionary) perspectives noted above fail to acknowledge the true value and potential that marketers hold in contributing to the strategic direction of even the most market-oriented organization. This is not diminished by the realization that the traditional role of the senior marketing executive as *the voice* for the customer in strategy formulation may be waning. In a variation of the traditional formulation -- implementation -- control model of strategy processes, this work contends that the "strategic mind" of an organization subsists on combinations of *information, thought, action, and reflection*. The marketing function, in a form largely similar to its present incarnation, can and should have a profound influence on several of these processes and, consequently, on the highest levels of strategic functioning in the market-oriented organization. For example, marketers are charged with supplying essential market intelligence ("information") through the identification of new product/market opportunities and the anticipation of environmental and competitive shifts. In general, through the management of primary and secondary data gathering, marketers have the opportunity to shape the information supplied to the strategic mind of the organization. In the implementation of strategies through action, marketers have the

opportunity to dramatically shape the form of the enacted strategy. As has been frequently noted, the distinctive competencies of marketers include inter- and intraorganizational boundary spanning, cross-functional coordination, the pooling of resources, and the management of informal networks (Webster 1992; Workman 1993). These key competencies should be particularly valued in many emerging organizational forms (Achrol 1991).

In sum, marketers have a continuing role in providing the bulk of the information required by the "strategic mind" of the organization and an increasingly important role in the action upon or implementation of strategies. Those lamenting the demise of the strategic role of marketing may place too much emphasis on the dynamics of the "thought" or formulation stage of strategy development. Even when a marketing executive does not dominate the thought process, the marketing function still may have a powerful influence on both the inputs and outputs of the formulated plan and, consequently, on the strategic direction of the market-oriented organization.

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TOWARDS AN INTERNATIONAL MARKETING MIX FOR SERVICES

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ABSTRACT

This article proposes a further addition "Particularity" to the traditional marketing mix, in order to positively identify with those elements -- collectively referred to as 'culture'

and which arise in international services marketing in particular and are not generally confronted by companies which serve only domestic markets.

INTRODUCTION

'Marketing mix' is the traditional name for the controllable variables in a co-ordinated program designed to achieve the company's marketing objectives and deliver a customer benefit (Kotler et al 1996). It involves a matching process between the company's capabilities and the wants of customers and so companies organize themselves around customer groups and processes rather than around products (McDonald 1995; Amine 1993). International markets run into the problem of how to deal with environmental variables that affect both the success of marketing strategy and the nature of consumer response (Kaynak 1991). The possibility of obtaining homogeneous international market segments has an important impact on the marketing strategies to be developed and applied (Dalgic 1992; Wills 1991).

Proposition-1. The traditional marketing mix is insufficient to cope with the cultural complexities of international services marketing.

International firms need know the culture's impact on their specific concerns (Bradley 1995). Success will depend on the ability to more closely identify with specific cultural factors and to develop methods to cater for culture-based consumer behaviour - despite trends towards economic and political unity. While some companies should operate as though the world were one large market, others should think globally, but act locally. Consumers trying to satisfy similar perceived needs will vary across markets as a function of consumers' values and norms, their sensitivity to

peer group influence and the relative impact of situational factors. What is needed is a research instrument that will measure product involvement, lifestyles and values reliably across cultures" (Amine 1993). We can conclude that international marketers need a marketing mix that comprises a broader set of management tools that identifies directly with such factors, than national marketers.

Proposition-2. Cultural determinants affect the orientation of companies in international services marketing.

Culture derives from the culture of the organization, and the culture of the buyer. The complications are exacerbated by the variety and the extent of differing cultures to be confronted in international marketing. The advantages to international services marketing of placing emphasis on cultural differences include the following:

1. To gain a different and varied perspective on the phenomenon being studied.
2. To determine how various cultural groups differ in their consumer decision-making.
3. To gain a better understanding of general laws of human behaviour i.e., a particular phenomenon innate, learned, or culturally determined?
4. From a managerial perspective, to understand cultural differences in order to market and advertise services effectively.

5. From a global marketing and engineering perspective, to identify salient differentiating characteristics for each relevant culture (Adapted from de Ruyter, Crask & Hsu 1995).

Studies of a national character or cultural basis assist the issue of international services marketing in three important ways:

1. By helping identify significantly similar patterns among consumers and decision makers cross-nationally, they would suggest a more rational basis for global thinking.
2. By identifying multi-modal patterns at the national level, they would suggest more rational segmentation and marketing niche strategies.
3. If globalization is more an attitude than a marketing mix, then national character studies may provide a richer vantage point for gaining such an attitude (Clark 1990).

Proposition-3. Effective service is as a consequence of differences in culture.

Relative performance is measured by:

1. Service delivery standards
2. Consistency of quality
3. Credibility of promise (Brown & McDonald 1994)

A nation's cultural environment affects business and marketing opportunities through its influence on social values, societal organization, rituals and mores, communications, lifestyles and all social interactions. It affects consumer buying habits and patterns, product promotion, business negotiations and a host of social responses (Douglas & Dubois 1977). This means identifying and accepting the possibility of unique cultures of the company and the customer, either or both of which are likely to require strategic and structural change in order to be able to negotiate successfully with the other. The key to an effective international marketing strategy is to understand and capitalise on the unique market characteristics of different cultures and sub-cultures. This

means identifying and accepting the possibility of unique cultures of the company and the customer, either or both of which are likely to require strategic and structural change in order to be able to negotiate successfully with the other (Wills et al 1991).

Proposition-4. The international service firm must formally identify its own culture as it affects its customer orientation.

What is so intriguing and challenging about services marketing is the unique corporate culture in service firms which sets them apart. The similarities between the business cultures are legion, but so are the differences (Mazur 1993). The process that allows a group to integrate itself are common language and conceptual categories; defined group boundaries; power and status; norms of intimacy, friendship; the allocation of rewards and punishments; ideology and religion; amongst others. (Kaynak 1991). Part of the solution may be found in realizing that a clear understanding of the company's environment and its [cultural] implications for the company will only result from a cohesive and well planned program to influence the nature of that environment (Moore 1982).

Proposition-5. Customer culture takes pre-eminence in International services.

The consequence of the proliferation of services has led marketers to rely heavily on service personnel in the delivery of quality service for customer satisfaction. With simultaneous production and receipt - exporting is out. Service marketers must go to the country and face the customer (Carmen & Langeard 1979; Gronroos 1979). This situation is more complex in international markets and requires a revision of the traditional marketing mix to include a new broader set of tools in order to enable international marketing managers to plan, implement, and control the marketing of their services - internationally (Bradley 1995).

Proposition-6. International service marketers should develop international partnerships to assist in the management of differing cultures.

"Managing cultural risk means learning how to read and respond to the organizational culture of relators, business associates, customers, in order to build effective partnerships

and strategic alliances" (Hofstede 1981). Companies new to exporting or contemplating the internationalization process will tend to avoid those markets which are unfamiliar as regards information or knowledge. The same argument holds for the movement of products and people. Cultural distance is an impediment and restricting force which predisposes the company to closer markets (Goodnow & Hansz 1972). Because of the difficulties in the marketing of services, international firms face unique challenges in their foreign market entry and expansion process (Carman and Langeard 1979, Mathe & Perras 1994).

Proposition-7. International services marketing requires personnel with specialist skills and training in culture appreciation.

The very nature of services marketing requires marketers with an understanding and flexibility who can develop, adjust and adapt to the cultural environment of the markets they operate within. Although the marketing concepts and techniques may be seen to be universal, many practices may be unique to particular situations, involving social actions and considerable customer interactions (Normann 1984). Both are heavily dictated by cultural and social norms. A particular difficulty emerges for those companies who are involved in the marketing of high levels of professional skills, specialized know-how and customization (Erramilli & Rao 1993). Inseparable services are conceivably more sensitive to cultural differences and may have to be better adapted to local tastes (Carman & Langeard 1980). Practices, values, theories, and categories are products of culture. Not only tools, but even the categories in which management think, may be unfit for another environment. The complication is further increased as membership of an organization is usually partial and voluntary, and composed of practices rather than values (Hofstede 1994).

Proposition-8. Culture has the possibility to affect perceived ethical behaviour.

Cross-cultural studies in marketing have identified that behaviour in the marketplace is "critically reflective of national personality" or character (Clark 1990). Business executives who are not alert to cultural differences are exposed to at least some situations that pose moral or ethical problems. In the case of

different cultures and environments, the potential for such problems increases (Armstrong 1992).

Proposition-9. The language of culture is an essential component in international services marketing.

Proposition-10. Services marketing lacks the tangible elements which serve to convey in turn those tangible meanings in communication between different cultures.

Culture is a highly selective screen allowing some stimuli through but rejecting others" (Kale 1991), and are shared by members belonging to the same culture. This sharing enables communication between individuals. By the same token it is the lack of shared symbols and experiences which makes cross-cultural communication so difficult. As business has become increasingly international and communication technology continues to develop, the need for clearly understood communication between members of different cultures is even more crucial (Glover 1990). Business opportunities and negotiations are much more successful where there is greater cultural and political understanding (Graham 1981). Simply put, cultural differences in the form of bias or misunderstandings can be a significant barrier to trade (Kaynak 1991). Studies of Henry (1976) and Kaynak (1991) conclude that consumer satisfaction is inextricably linked to cultural values and these in turn influence perceptions of foreigners and foreign products, prejudices, nationalistic policies and to some degree protectionism.

Proposition-11. Satisfaction of similar perceived needs are partly as a consequence of similar individual cultures in association with the service company's culture.

By identifying the key features of behaviour and major modifiers in each cultural setting, better direction would be provided as to the nature of international consumer information which is necessary to improve the firms marketing functions in those particular markets (Samli 1995). The connection between culture and consumer behaviour also applies when dealing with consumer behaviour in different cultures as to how culture influences individuals (Engel, Blackwell & Miniard 1990). By observing significant differences that exist between

cultures, that cultures far-reaching impact on the individual becomes obvious (Chung 1991). What is of difference is the number and variety of determinants of culture that are now being considered as formers and modifiers of the communication process, i.e. territoriality, temporality, learning play, association, interaction, minimum tolerable standards, private space, role of sexes and use of resources, to name a few. Marketing universality may be investigated on three levels:

1. The existence of specific consumer behaviors,
2. The relative order of importance of behaviors across cultures, and
3. The absolute level of behaviour across cultures (Dawar and Parker 1994). However the same authors conclude that relative universals do not entail identical allocation of (marketing) resources across cultures or countries, and that existing differences across cultures may have minimal or no impact on certain consumer behaviors. For the organization involved in the international marketing of services one of the most difficult questions is how much conformity to local norms of behaviour is required.

In addition to Borden's Marketing Mix, McCarthy developed the idea of the 4P's of marketing. Later Kotler (1996) introduced the concept of megamarketing by adding two more elements to the marketing mix, namely; politics, and public relations. Dalgic (1993) added two more, namely; people and planning and referred to an integrated Megamarketing Mix. Booms and Bitner (1986) extended these to include service related elements; physical evidence and process. It is proposed that to these would be included an additional element -particularity, to the marketing mix, particularity the presence of a particular cultural environment in a foreign market which necessitates the development, adoption and application of international marketing activities to suit those cultural conditions. For the international marketer it entails the development of culturally suitable, sustainable marketing policies, strategies and practices in foreign markets. Marketers may occasionally be able to take identical technical and marketing concepts around the world, but

most often, concepts must be customized to local tastes (Czinkota & Ronkainen 1993). The firm needs to plan for managing host-country relations as the host countries behaviour is guided by its special interests, such as security, sovereignty, prestige and economic welfare. The firm's home country may also restrict its international marketing efforts and activities (Terpstra & Sarathy 1994).

Important differences in markets, domestic and foreign environments may make a wholesale transfer of the mix impossible. The question that the international services marketing manager must solve is "Can we standardize worldwide?, must we make some changes, or must we formulate a completely different marketing mix? (Ball & McCullach 1996).

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RUSSIA'S TRANSITION TO A MARKET ECONOMY: LEARNING ABOUT BUSINESS

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ABSTRACT

Russia's business leaders and employees find themselves in a new environment of competition, efficiency and innovation. These economic changes are accompanied by conditions of assault, both from within and without the country. Externally, firms from the West have entered the country and Russia's traditional markets in Eastern and Central Europe have collapsed or been coopted by the West. Internally, firms have to face uncertain, ill-defined and often contradictory government rules and powerful crime organizations. Managers and employees find themselves without the training and skills to adjust to these new realities.

A field study was conducted to investigate the business education needs in Russia. Visits were made to Nizhny Novgorod and Moscow, two cities with a large number of companies experiencing economic transformation. Four focus group sessions were conducted and interviews were held with all together 68 individuals.

Several distinct attitudes held by Russians toward business learning emerged. Key attitudinal categories were national pride, anger with the seeming disrespect of outsiders for indigenous accomplishments, a fear of the unknown, coupled with suspicion toward new practices. There was a feeling that education, which was always held in high esteem, had suddenly become a product like any other. There was concern about the lack of relevance of the education offered. Also present was a perceived need to adjust the learning terminology to Russian conditions. While it is possible to translate anything, one cannot always be certain that the translated material truly captures the meaning intended. Many Russians felt that their new situation was perhaps less amenable to established Western rules, and that their rapidly changing business

environment required fewer rules than the economies of the West. There was also concern about the linkage between knowledge, learning and actual change, and the longevity of such change. Overall, the desire to learn stood out. Most firms and employees understand that the market orientation is here to stay, and that there needs to be adjustment to such an orientation. Executives recognize that in order to do business with Western firms they need to be able to work with the market. Government officials accept the fact that foreign investors need to have a clear understanding of the value of assets and require access to a productive work force. Bankers appreciate the need for business plans and presentation skills. Therefore, the built in bias in favor of business education is overwhelmingly positive.

A rank order of business education priorities was also developed and grouped into issues requiring learning and areas in need of behavioral change. On the learning side, the four key issues were marketing, strategic planning, international business and business law. Problem solving, decision making, customer orientation, team building and communication abilities were rated highest in terms of the need for behavioral change.

Overall, many similarities between Russian and Western managers were found. However, Russian managers approach problems in a different fashion, require to be taught in different ways, and have different expectations of learning content. In order to be accepted and useful, business education efforts must consider the specifics of the Russian situation. Rather than simply transferring Western business knowledge, they must adapt along several dimensions and focus both on the teaching of knowledge and skills as well as on the change of attitudes and behavior.

POINT-COUNTER POINT: MARKETING CIGARETTES IN THE U.S. AND CANADA AND THE IMPACT OF REGULATION

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ABSTRACT

The tobacco industry has been successful in making smoking socially acceptable for men and woman resulting in an ever-expanding global multibillion dollar business. Smoking has historically been attacked as a filthy habit, whether using chewing tobacco, pipes, and cigars. Cigarettes, the most common tobacco product, soil teeth and fingers and leave a pervasive, long-lasting odor in clothes, furnishings and hair. Smokers know that this habit does not improve long-term health prospects and that smoking frequently makes their throats sore, their breath bad and provokes coughing. Nonetheless, more than one-third of the global population over the age of 15 smokes, and they smoke 15 billion cigarettes a day.

Tobacco is a very profitable business. It has been estimated that for each cigarette sold, the net profit to the manufacturer is one cent. Other industries also benefit directly and indirectly from tobacco. Tobacco has long been noted for its effective and extensive advertising. It has also engaged in "soft sell" promotions, such as providing free cigarettes to the military, airline passengers, and college students; it has sponsored sporting events and cultural activities; it has even provided programs to womens' clubs teaching women the proper way to smoke cigarettes in a ladylike manner.

By the 1950s, medical reports began to appear questioning the impact of smoking on the health of the smokers. It was only after the U.S. Surgeon General's Report in 1964, however, that the U.S. and Canadian governments began to take action to regulate tobacco in order to protect public health and minors, who are too young to make "informed decisions" as to whether to smoke. These regulations range from local to national levels, include labelling requirements, access limitations, advertising and promotion limitations; creation of a minimum age for the purchase of cigarettes; and the mandatory creation of smoke-free environ-

ments. Some authorities contend that these governmental efforts have actually benefitted the industry more than the consumer.

For each regulation, however, tobacco companies have responded finding a way to circumvent the intent but remain within the letter of the proscription. When brand names could not longer be used in Canada to promote sports events, the companies started using their corporate names and adopting the same colors as their most popular cigarettes. In Canada, the labelling requirement is such that it is impossible to ignore the health warnings. In the United States at this time, packaging of cigarettes has been devised which make some of the messages almost invisible and others have little impact. While smoking tobacco ads have been banned from television, cigarette companies pay movie and television producers for the visible use of their product on screen. When television advertising was still permitted in the United States, there were equally powerful anti-smoking messages on the same screens. When the ban took effect, the anti-smoking spots also disappeared, although not required by law.

The use of tobacco still appears enticing to young people. Although only 25% of U.S. adults were smokers in 1996 as compared to 40% in 1964, and some 31% of Canadian adults smoked in 1994 compared to 38% previously the percentage of teenagers smoking in both countries is on the increase. 34% of U.S. seniors in high school now smoke. Questions have been raised as to why this should be the case? Young people in both Canada and the United States now that smoking is bad for the lungs and for the heart; that smoking while pregnant can damage the unborn baby. But they continue. Is the message of the anti-smoking coalitions misdirected? In Arizona, an attempt to redirect anti-smoking campaigns began last year. The popular Phoenix Suns, an NBA basketball team, assisted in the launch of a program aimed at youngsters in the first to

fourth grades, in which the slogan "Tobacco, tumor causing, teeth staining, smelly puking habit" was telecast statewide, and Suns tee-shirts were donated to schools. Some of the money for this program came from increased taxes assessed by the State of Arizona on each package of cigarettes. The rest of the "sin" tax is to be used for health care of those who became ill as a result of smoking.

Nonetheless, it appears that the power of the tobacco industry is waning. The U.S. Food and Drug Administration has issued far ranging regulations governing various aspects of the industry; local governments are declaring more smoke-free areas; and law suits against the industry are proliferating not just from "victims" but also from state governments that seek reimbursement for health care.

SALES RESISTANCE: A CLASSIFICATION FRAMEWORK

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ABSTRACT

In the adaptive selling tradition of Weitz (1978,1979) a rich literature stream has developed where the scope of inquiry in understanding salesperson performance is investigated at the individual sales encounter level. A key aspect of this contingency framework deals with understanding the moderating nature of situational characteristics surrounding the sales call that lead to success in each encounter.

In individual selling encounters, salespeople are more likely to be successful to the degree they can adjust to the unique circumstances, or contingencies, surrounding each individual sales call (Weitz 1978). For salespeople to adjust or adapt, they must have the ability to do so (Withey and Panitz 1995). Part of the ability to adapt comes from having different selling situation categories or knowledge structures to apply to different sales situations. Salespeople use these knowledge structures to determine which selling approach best fits a given selling situation. As salespeople develop selling categories, they are able to reduce the mental complexity of the sales encounter and free up mental capacity to exert on other aspects of the sales presentation. Research has shown salespeople with richer, more detailed knowledge structures are more successful than their cohorts with fewer, less specified knowledge structures (e.g., Szymanski 1988).

To gain commitment from a buyer in an individual selling encounter, salespeople must anticipate and then respond to various types of sales resistance offered by the buyers. Consistent with the above cited sales literature, salespeople who have detailed knowledge structures concerning sales resistance are better able to overcome this resistance.

In this study, we broaden the scope of sales resistance to include both objections and counterargumentations. A counterargument differs from an objection in that the customer counterargues to defend a previously held belief

about the seller's salesperson, company, or product. A previously held belief may exist about the competitor's salesperson, company, or product. These previously held beliefs may be positive or negative. The paper introduces a framework isolating nine different selling situations that predicts the likelihood that sales resistance in each selling situation will take the form of an objection or a counterargumentation. The notion of distraction is introduced as a possible method of reducing counterargumentation. This framework is offered to increase the knowledge structures of salespeople. The salesperson will be better able to determine the basis of the sales resistance and respond accordingly, thereby increasing salesperson effectiveness. As such, the paper makes both positive and normative contributions.

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TRANSFORMATIONAL CHANGE IN SALES ORGANIZATIONS: A SPECIAL CASE OF MANAGING CHANGE

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ABSTRACT

This paper focuses on transformational change in sales organizations. The paper makes the argument that sales organizations have certain properties that require special attention from sales executives in managing change. Further, it is argued that sales executives who do not appreciate the nuances

of managing change in sales, are likely to be less successful in their efforts at transforming their organizations. The change management literature and research on sales organizations are integrated by developing a series of propositions about critical success factors for managing change in sales organizations.

INTRODUCTION

As Cravens (1995) pointed out, many sales organizations are in the process of being reinvented. In recent years the topic of managing change has received a great deal of attention. Unfortunately, little has been written about managing change in a sales organization. Sales managers have been left to make their own translation from the managing change literature which has focused on a monolithic view of change with little treatment of the differences across types of organizations. This paper focuses on radical, or transformational, change in sales organizations. Before focusing on the general model of managing change, the unique aspects of sales organizations are outlined based on a review of the change management literature.

UNIQUE ASPECTS OF SALES ORGANIZATIONS

A review of the literature reveals that the sales function in organizations often have unique attributes compared with other functional areas.

1. Sales personnel are typically closer to the customers than other functional areas (Walker, Churchill and Ford 1975; Baggozi 1978).
2. Sales organizations often have large numbers of people, multiple locations

and multiple levels or hierarchy (Webster 1983; Pedersen, Wright and Weitz, 1984).

3. Sales people have a direct affect on quarterly revenue and earnings (Pederson, Wright and Weitz 1984).

- 45 Sales organizations tend to be populated with people who are practical and tactically oriented (Webster 1983).

It is important to note that this discussion does not assume that all sales organizations share these properties, only that many do. Also, the suggestion that there are 'special' aspects to managing change in sales organization should not be construed to mean that they are totally unique to the sales function.

INTEGRATING THE CHANGE MANAGEMENT LITERATURE AND THE UNIQUE CHARACTERISTICS OF SALES ORGANIZATIONS

Some prescriptions for managing change offered by some prominent academics and practitioners are noted in [Table 1](#). Some of these prescriptions have relevance to managing change in sales organizations. [Table 2](#) integrates seven prescriptions for managing change with the unique aspects of sales organizations. Propositions are also offered in [Table 2](#) regarding critical success factors concerning managing change in sales organizations. These seven prescriptions for managing change and

TABLE 1
Summary of Change Management Literature

Prescriptions for Managing Change		
Nadler (1989)	Kanter et al. (1992)	Kotter (1995)
1. Assure the support of key power groups	1. Analyze the organization and the need for change	1. Establish a sense of urgency
2. Use leader behavior to generate energy in support	2. Create a shared vision and common direction	2. Forming a powerful guiding coalition
3. Use symbols and language	3. Separate from the past	3. Creating a vision
4. Build in stability	4. Create a sense of urgency	4. Communicating the vision
5. Surface dissatisfaction with the present state	5. Support a strong leader role	5. Empowering others to act on the vision
6. Participation in change	6. Line up political sponsorship	6. Planning for and creating short-term wins
7. Rewards for behavior in support of change	7. Craft an implementation plan	7. Consolidating improvements and producing still more change
8. Time and opportunity to disengage from the present state	8. Develop enabling structures	8. Institutionalizing new approaches
9. Develop and communicate a clear image of the future	9. Communicate, involve people, and be honest	
10. Use multiple and consistent leverage points	10. Reinforce and institutionalize change	
11. Develop organizational arrangements for the transition		
12. Build in feedback mechanisms		

the propositions about critical success factors are discussed below. Due to space limitations, the rationale and support for the propositions are only partially developed in this paper.

CREATE A VISION AND STRATEGIES

Beckhard and Harris (1977) emphasized the need to establish a clear image of the desired future state at the outset of any transformational change process. Others have suggested

that in large scale change efforts it is also important to identify specific strategies or programs that will be implemented to help move the organization to the future state (Kanter, Stein and Jick 1992). Since the sales organization's principal role is to manage relationships in the channel of distribution, the vision of the future state generally requires a well-conceived picture of the relationship between the organization and its external customers. Also, it is more critical in sales that

TABLE 2
Propositions Integrating Change Management Theory
with Research on Sales Organizations

Steps in Managing Change	Unique Aspect of Sales Organizations			
	Affects Customers	Many People, Locations, Levels	Affect Earnings	Personnel Practice
1. Create a vision and strategies	P1: Customer focused vision P2: Specific strategies		P3: Anticipate earnings disruptions	P4: Make change practical
2. Create a sense of urgency and felt need for change	P5: Develop reason and urgency with customers	P6: Develop urgency across levels		
3. Involve key people to reduce levers	P7: Involve customers	P8: Involve levels		
4. Use multiple levers		P9: Multiple levers at various levels		
5. Communicate vision and progress	P10: Communicate with customers	P11: Communicate across levels P12: Empower champions		
6. Build in feedback devices	P13: Feedback and course corrections	P14: Measure progress by levels and/or locations		
7. Develop org. arrangements for transitions	P15: Manage carefully			P16: Manage change in phases

the vision be backed up with clear programs and tactics because sales people affect customers and poor management of the change process is likely to be noticed by this essential stakeholder group.

Related to this idea of affecting customers and crafting strategies for change, is the need to anticipate any potential earning disruption due to changes affecting sales personnel or the customers. Radical change can be disruptive even if it is managed well. In the case of a sales organization, this disruption can lead to distraction, loss of sales, loss of distribution and ultimately to poor quarterly volume and earnings results. Another unique characteristic that has implications for crafting change strategies in sales organizations, is the fact that sales people tend to be practical people who often become frustrated by abstraction that seems disconnected from the reality of managing customers. When change is introduced to

a sales organization in overly abstract form it causes anxiety, confusion and stalls the mobilization.

Proposition 1: *Customer Focused Vision* - Sales change initiatives which proceed with a well-conceived vision of the desired future relationship between the organization and its customers based on market analysis will be more successful.

Proposition 2: *Specific Programs and Strategies* - Sales change initiatives that proceed with a clear vision, and which are backed up by specific strategies and programs for how the transformation will be implemented, will be more successful.

Proposition 3: *Anticipate Earnings Disruption* - Sales change initiatives that take into account in the planning process any possible disruptions in the earnings stream

due to the change process will be more successful.

Proposition 4: *Make the Abstract, Tangible and Practical* - Sales change initiatives that carefully translate the vision into understandable and concrete behaviors, programs, and policies that embody the future state and that are relevant to sales people will be more successful.

CREATE A SENSE OF URGENCY AND FELT NEED FOR CHANGE

Managing transformational change requires mobilizing an organization to move toward the future. As Lewin (1947) and Bennis et al. (1973) point out, surfacing dissatisfaction with the current state relative to some alternate future (vision), and involving people in this process, helps unfreeze people and begin forward movement. The unique aspects of sales organizations that have to do with sales being close to the customer, having multiple levels and locations suggest some specific approaches to creating a sense of urgency and a felt need for change may be more effective.

Proposition 5: *Develop Reason and Urgency with Customers* - Sales organization change initiatives which employ approaches to establishing the need for change and a sense of urgency in the mind of the customer, will be more successful.

Proposition 6: *Develop Urgency Across Levels and Locations* - Sales organization change initiatives which begin by establishing the reason and need for change in the minds of sales employees through out the various levels and locations will be implemented more successfully.

INVOLVE KEY PEOPLE TO REDUCE RESISTANCE

Lewin (1947) was the first to suggest that an effective technique in facilitating change was to reduce people's resistance by involving them in the process. Involving people in designing the future, increases their sense of control. When people feel more control they feel more comfortable and less afraid of change. Involvement presents unique challenges in sales change efforts because engaging third parties is more difficult to manage than

engaging employees. Further, since sales forces have more people, locations and levels, unless involvement strategies are carefully designed, the process could be overly time consuming and momentum might be lost.

Proposition 7: *Involve Customers* - Initiatives which have greater frequency and quality of involvement of customers in the change process will be implemented more successfully.

Proposition 8: *Involve Employees* - Initiatives which have greater frequency and quality of involvement of sales employees at all levels and locations in the change process will be implemented more successfully.

USE MULTIPLE LEVERS

Organizations are systems of interdependent parts therefore changing the system requires modifications in various component parts (Nadler 1989). Changes in the larger systems may require changes in reward systems, planning processes, career development systems, and communication systems and information processing systems.

Proposition 9: *Multiple Levers* - sales organization change initiatives which use multiple levers (reward, recognition, planning, and promotion systems) to promote change and to signal that new behaviors are valued will be implemented more successfully.

COMMUNICATE VISION AND PROGRESS

Kanter et al. (1992) focused on the importance of communication in the management of change. Change involves reorientation and therefore people need information to define the new reality and to cope. Failure to communicate formally can lead to unproductive, informal communication as people try to interpret the future in their own networks of employees. Relating to both communication and the establishment of momentum for change, is the importance of having strong change leaders at each location and level in the sales organization.

Proposition 10: *Communicate with Customers* - sales organization change initiatives with greater quantity and quality of

communication to sales people and customers will be implemented more successfully.

Proposition 11: *Communicate Across Levels and Locations* - Sales organization change initiatives with higher quantity and quality of communication to sales people at different levels and locations will be implemented more successfully.

Proposition 12: *Empower Champions at Each Level and Location* - Sales change initiatives which have strong leaders who are champions for the change in each decentralized location will be implemented more successfully.

BUILD IN FEEDBACK DEVICES

Feedback can be viewed as a special case of communication which emphasizes follow-up or evaluating the effectiveness of some prior behavior or action. Nadler (1989) suggested that feedback mechanisms are needed to provide managers with data about the implementation of change initiative and their effectiveness. He suggested that transition managers develop multiple, redundant, and sensitive vehicles for generating feedback.

Proposition 13: *Feedback and Course Corrections* - Sales organization change initiatives with frequent and open feedback from customers during the process will be implemented more successfully.

Proposition 14: *Measure Progress by Level and Location* - sales organization change initiatives which use employee feedback and establish clear milestones for progress at each level and location will be implemented more successfully.

DEVELOP ORGANIZATIONAL ARRANGEMENTS FOR TRANSITIONS

The vision of the future state helps organization members understand where they hope to end up but it does not tell them the vehicle or sequence of roads to be taken to arrive at this destination. In their study of successful change processes Kanter, Stein and Jick (1992) emphasized the importance of action vehicles for change recipients; that is, vision without

programs and action plans offers no vehicle for creating change. While it cannot perhaps be guided in a simple and linear manner, change, like other management initiatives, must be managed. Change requires that arrangements be made to make the journey. These arrangements can be a transition manager, resources for the transition, a change plan, and special task forces (Nadler, 1989).

Proposition 15: *Manage Carefully* - Sales organization change initiatives which proceed with effective transition management structures (transition teams, planning, communication devices, accountability, etc.) will be implemented more successfully.

Proposition 16: *Manage Change in Phases* - Sales change initiatives that break the change into phases or chunks will be implemented more successfully.

CONCLUSIONS

This paper draws on the sales and change management literature to make the argument that transformations in sales organizations are a special case of change. It should be noted that the type of change and the type of sales organization is likely to influence the required methods for change. Nevertheless, it is possible to improve on the generic change management literature to develop a more specific theory of change for sales organizations. At the same time, it is recognized that the strength of the relationships hypothesized between change methods and performance will be moderated by the precise nature of the sales change and the properties of the sales organization implementing it.

There are a variety of approaches that could be used to test the propositions outlined in this paper. First, a survey could be developed to measure the agreement or disagreement among a sample of experts (change management people and sales managers) with the various propositions. Second, case study data could be collected on change processes in sales organizations and the methods that were successful or unsuccessful. Finally, data could be collected from a sample of employees from sales organizations that had undergone change concerning the approaches used and their

overall perceptions of the change process and the success or failure of the initiative.

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WORK RELATIONSHIPS: AN ORGANIZATIONAL ANTECEDENT OF ROLE STRESS AND INTER-DOMAIN CONFLICT

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ABSTRACT

The inter-relationship between work and nonwork domains is an area of increasing research interest (e.g. Netemeyer, Boles and McMurrian 1996). Recent societal trends affecting both the home and workplace are primarily responsible for this growing level of interest. These changes and others have resulted in increasing levels of role stress and conflict between the work and home domains (hereafter referred to as inter-domain conflict) and made this an area of increasing importance to managers. Inter-domain conflict is a form of conflict that occurs when the role requirements of work and non-work responsibilities are incompatible or inconsistent in some respect (Greenhaus and Beutell 1985).

Given that previous work emphasizing the role of supportive work environments in reducing role stress is widely documented (e.g. Babin and Boles 1996), these same supportive elements might also be expected to affect employee perceptions of inter-domain conflict. However, only a very limited body of literature was discovered that empirically linked supportive elements of the work environment with inter-domain conflict (e.g. Greenhaus et al. 1987). This study examined the effect of supportive relationships at work on levels of inter-domain conflict.

The study was conducted with a sample of salespeople from a regional advertising firm. One-hundred and fifty-two respondents completed the survey. Of these, approximately 72 percent were male. The respondents averaged 3 years of tenure with the firm and ranged in age from 22-64. A majority had a college education and approximately one-half were married and/or had children living at home. No difference in mean scores was detected between single individuals and those

that were married and/or had children on any of constructs examined in the study ($p > .05$).

Measures for the study were obtained using existing scales. Supportive relationships in the workplace were addressed with items from the *work relationships index (WRI)* of the Billings and Moos (1982) Work Environment Scale. This measure has seen extensive use in organizational behavior literature, particularly among boundary employees (e.g. Babin and Boles 1996). It is composed of 3 subscales which address the employee's perceptions of supervisory behaviors (supervisory support), co-worker actions (peer cohesion), and the overall level of involvement exhibited by other employees in the workplace (involving work place). In other words it asks for a general assessment of the work environment for all employees (Billings and Moos 1982). Role conflict and role ambiguity were assessed through the Rizzo, House, and Lirtzman (1970) measure. Job satisfaction was measured with 8 items from the INDSALES job satisfaction measure (Churchill et al. 1974). Interdomain conflict was assessed through 4 items from the Burke and Weir 1976 measure. These items address the effect of an employee's work on: personal relationships with friends; participation in home activities; social life; and, mental state at home. This measure has been used in previous marketing research (Boles and Babin 1996). All measures had acceptable reliabilities with cronbach alpha exceeding .70 for all measures.

The program EQS was used to test the structural model. The analysis found that the WRI is predictive ($p < .001$) of role conflict and role ambiguity. In addition, WRI was negatively related to inter-domain conflict ($p < .001$). Thus, the association between positive,

supportive workplace relationships and stress, both work and non-work related, was shown to be negative and quite strong. Role conflict was positively related to inter-domain conflict ($p < .05$). However, the current study does not support a direct linkage between role ambiguity and inter-domain conflict. In addition to the WRI effects, job satisfaction is found to be negatively related to both role conflict and role ambiguity ($p < .05$). Furthermore, it also is negatively related to inter-domain conflict ($p < .05$). Thus, both work and non-work-related stressors are negatively related to an employee's job satisfaction.

Findings from this study have implications for several areas of marketing and organizational research. This study marks one of the initial efforts to examine how co-worker support and the alignment of co-workers relative to the overall involvement in the workplace affects role conflict and role ambiguity in an outside sales setting. Findings from the current study suggest that various sources of workplace support, or the lack thereof, also can influence salesperson perceptions of role stress.

In addition to the effects of work relationships on work-related role stress, the study also establishes the importance of positive support from workplace sources as a possible means of reducing inter-domain conflict. Previous studies have suggested that the work environment could positively affect inter-domain conflict, but the area has received very little research attention. This study extends the existing understanding of the effect of a supportive work environment findings through the use of a broader measure of workplace support than the one used in the Greenhaus et al. (1987) study. Future research may need to further explore this area, as well as the effects of support from work related sources on salesperson perceptions of role stress, among both inside and outside salespeople.

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THE IMPACT OF TECHNOLOGY ON MARKETING

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ABSTRACT

Predicting the impact of technology on marketing is a hopeless task. By the time this paper is typed, new technologies will have emerged which ultimately will impact marketing in ways we simply cannot imagine no matter how creative a process we follow. My comments are an outgrowth of brainstorming sessions held near the end of the "Electronic Marketing and the Consumer" Conference on the University of Texas, Austin, campus in October 1996. This paper is drawn directly from the text of a chapter in the book cited at the end of this paper, and my co-author Bill Keep deserves half or more of the credit. Predictions are organized around eight major headings. Each heading highlights a generalized implication of predicted changes. No attempt has been made to sequence them in their order of importance or impact, as clearly that is a debatable issue. Needless to say, however, some are likely to have a greater impact than others.

(1) Improved Understanding and Targeting of Individual Buyers. New technology will facilitate an expansion of the rapidly growing database marketing trend. This expansion will be fueled by more extensive marketing research efforts that will enable better understanding of customer behavior, as well as by new media which will enhance the ability to communicate with customers. The ultimate result of this trend will be true "One-To-One" customer segmentation.

(2) Improved Buyer Information Regarding Products and Sellers. New technology has the potential to fundamentally change critical market dynamics due to the increased availability of customer information. Enhanced information availability leads to potential changes in the customer's ability to find information about goods and services, the time required for marketers to notice and react to market changes, and the relationship between company size and marketing clout. Processes

that once required weeks to months can be collapsed into days and hours.

(3) More Interactivity Between Buyers and Sellers. The level of interactivity between buyers and sellers will increase dramatically. Product/service development today under the best circumstances is based on focus groups and surveys. In the future, much more extensive customer input will be possible, with continuous customer input from idea generation to actual product launch. In short, products and services will be configured to each customer's priorities leading to significantly increased customer power in the marketplace. In place of today's strategy of target marketing, customers will increasingly come to companies, and they will remain with those companies that respond quickly and effectively.

(4) Enhanced Interconnectivity Between Buyers and Sellers. There will be real-time buyer-seller contact in which information is obtained and utilized almost simultaneously by both sides through instantaneous feedback. This exchange of information will be enhanced dramatically through improved creative and production technologies.

(5) Expanded Channels for Market Information. With the dramatic increase in information we will witness the emergence of information intermediaries. One obvious intermediary will be information warehouses. These warehouses will begin by providing storage capabilities, but will evolve into entities that integrate and process massive amounts of data, and then sell it to organizations to enhance their marketing efforts. A parallel effort will be the emergence of intelligent software agents and hardware to facilitate search, evaluation and understanding of data.

(6) Greater World-Wide, Non-Store Competition. National boundaries will fall even quicker than they have in recent years. Competition

will be facilitated not only by the Internet, but by other technologies such as ISDN (Integrated Services Digital Network), 900 Service, CD-Rom, and interactive voice response. Several obstacles will slow, but not stop this process. For example, while English currently is the standard global language, resistance will remain from ethnocentric countries and those where educational levels are low. Moreover, for products that require visual and sensory information, there also will be problems. The visual aspects will evaporate quicker with improved technology, such as high-definition television, but the sensory aspects like taste and smell will be more challenging.

(7) Increased Emphasis on Building Customer Loyalty. Building and maintaining customer loyalty will be more difficult, but more important. As alternative sources of products and services increase geometrically, relationship marketing skills will become even more important in enhancing customer loyalty. True partnering between customers and suppliers will be necessary, and not just the lip-talk so prevalent today. Moreover, the current trend away from national brands to store brands will reverse, and

strong brand names will be used to attract customers into new "virtual" stores.

(8) Safeguards Designed to Provide Information Security and Buyer/Seller Confidentiality. Customers' privacy and security concerns need to be carefully managed as the marketing process evolves with new technology. Because electronic transmission of data is an integral part of the emerging marketing processes, privacy and security issues must be an intrinsic part of any new marketing strategies. Privacy and security policies should be planned in advance to educate customers about how data are collected, used, and protected, so that customers can have some control over how their information will be utilized in future marketing efforts. Marketers must begin developing these policies now to ensure that the infrastructure exists to manage these issues.

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THE INTERNET AND MARKETING PEDAGOGY

Gemmy Allen, Mountain View College

ABSTRACT

Results of a survey developed by Robert Half International Inc. were released in April 1996 and revealed that 61 percent of executives believed that a strong understanding of how to use the Internet would make them more marketable in their fields. Moreover, 76 percent thought that Internet skills would help them to advance in their careers in the next five years. The survey was conducted by an independent research firm with 150 executives from the nation's 1,000 largest companies.

Students must become literate on the Internet to keep pace with businesses that are turning to the World Wide Web as a way of doing business. Companies increasingly are relying on the Internet to reach both internal and external audiences. Familiarity with the World Wide Web, newsgroups, ftp and e-mail for communication, research, and study are all part of the necessary tools marketing students should possess. Using the Internet in class shows prospective employers that the student is forward-thinking, a pioneer, willing to find and try new approaches, committed to getting results and, most important, a serious, motivated self-starter.

For many years, Georganna Hall, University of Texas at Arlington, and I have been sharing assignments to enhance our classes. We were both using Internet assignments in 1992 and our students kept asking us for more assignments! We combined our assignments and custom published *The Internet Guide for Marketers*. This evolved into *The Internet Guide for Marketing* published by South-Western.

Topics in the Guide expose students to interesting information related to the lecture material that enhances their overall learning environment. It simplifies the use of the Internet for beginners, facilitates the research pro-

cess, and encourages critical thinking in marketing. Students use the Internet to make college come to them. The information students need is just a few clicks of a computer mouse away--an ideal commute to the electronic campus.

Since much of the appeal of the World Wide Web has been the elimination of paper, printing and delivery expense, I have put my introductory marketing class notes on the Web. The links for each topic in the Guide are available at the site. The notes (and links) can be updated automatically by changing information on the Web itself. Students can interact with the professor and classmates through e-mail, discussion forums, and real-time chat. The Internet allows students to become engaged at their own convenience.

The Internet is a powerful teaching tool and its future role will expand. It is an effective tool for teaching technical skills and research techniques, and for publishing class notes. Use of the Internet is an enhancement for the marketing classroom.

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PANEL DISCUSSION ON THE INTERNET AND MARKETING PEDAGOGY

Raj Mehta, University of Cincinnati

ABSTRACT

This panel discussion demonstrates the use of the Internet in teaching a new class called the "Information Technology in Marketing" at the University of Cincinnati. The objectives of the class are to help guide students through the amazing world of the Internet and its implications for marketing. The first half of the course relies upon learning the basics of using the Internet and the many powerful functions of this resource. This section of the class changes over time based on student expertise coming in

and on recent changes in technology. The later half of the class examines the influence of IT on Marketing and its various functions. For example, sections of the class discuss implications for survey research, advertising, channel relationships, channels of distribution, innovation and product adaptation, customer service, and communication. All course materials, including syllabus, assignments, class presentations are available from the author's home page at <http://ucunix.san.uc.edu/~mehta>.

RETAIL STORE LOCATION, DIRECT MARKETING AND GENETIC THEORY: A PRELIMINARY STUDY

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ABSTRACT

The possible cannibalization or augmentation of customer sales between retail store locations and direct marketing channels are analyzed using genetic theory as a basis for discussion.

The advantages and limitations of such an analysis are presented along with future areas for research.

SITE SELECTION IN SERVICE ORGANIZATIONS: AN EMPIRICAL TEST OF THE MILLS AND MARGULIES TYPOLOGY OF SERVICES

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ABSTRACT

This exploratory study empirically tests a typology that classifies service organizations based on the nature of customer involvement in the production of the service. The typology is

tested in the context of actual site selection decisions which are found to vary with three types of services identified in the typology.

INTRODUCTION

The site location decision for a business is usually viewed as a strategically important and long term decision of most businesses. Product, price, and promotion strategies can be easily copied by competitors, but the advantages of a good location are not so easily or quickly imitated because site selection typically involves a long term commitment and large capital investment. The location of a firm also has a direct impact on the firm's ability to attract customers and increase sales. A site that is considered advantageous can act as a barrier to entry if competitors believe they cannot find a site with the same benefits. The disadvantages of a bad location are difficult for an organization to overcome and a poor location decision is not easily reversed (Ghosh and McLafferty 1987, p. 1; Jain and Mahajan 1979, p. 218-19).

In the case of a consumer service firm its location is strongly affected by the inseparability of production and consumption of the service. When a consumer purchases a service it is produced and consumed at the same time, in contrast to the physical goods situation where the product can be produced and then consumed at a later time. The primary benefit in many goods purchases is the product itself. However, the primary benefit in the purchase of a service is derived from the service experience. This experience is based on customer contact with the environment or location, the service provider, and other customers (Langeard, Bate-

son, Lovelock, and Eiglier 1981; Baker 1986; Bitner 1990).

The frequency and nature of the contact relationship between the consumer and the provider varies according to the type of service. For example, visiting a fast food restaurant is a different experience than visiting a dentist. Visits to fast food restaurants are usually fast, frequent, and convenient, while a dentist visit is usually preplanned, less frequent, and requires an appointment. Thus the optimal location strategy may be very different between these two services. By the same token, the optimal location strategy might be similar between the aforementioned dentist and a health care provider. If the similarities and differences of service firms can be identified across different industries, then similar managerial strategies can be used for different industries with similar characteristics (Lovelock 1983). One method of examining the similarities and differences between and among services is through the use of a typology. A classification system, or typology, is important for any field because it provides researchers with a framework that helps stimulate thinking. A typology can also facilitate theory development by reducing the amount of data the researcher has to analyze and enables the researcher to simplify the subject under investigation (Mills and Margulies 1980; Mechanic 1962, p.158).

This exploratory study empirically tests a typology developed by Mills and Margulies

(1980) that classifies service organizations based on the nature and degree of customer interaction and involvement in the production of the service in the context of site selection. The typology is tested by deriving testable hypotheses about site selection decisions from it and then testing them empirically. According to Bedeian (1980) the classifications in a typology are neither right nor wrong, but rather are better viewed as useful or useless. If the three classes of services identified in the Mills and Margulies typology can explain differences in site selection on the part of service businesses then the typology is useful and has value as a basis for helping service businesses identify and decide upon the important issues they should consider when making such decisions.

In this paper we first present a literature review to justify the use of this particular typology. Hypotheses are then derived and the typology is tested in the context of specialized firms' actual site selection decisions, based upon their perceptions of the importance of location decision issues. Surprisingly, preliminary results indicate that the site selection strategies of two extremely different service categories may be strikingly similar.

LITERATURE REVIEW

Several comprehensive classification systems have been developed for services (Love-lock 1980; Hill 1977; Thomas 1978; Kotler 1980, p. 626-7; Rathmell 1974, p. 16), but a major weakness of these studies is that none of these typologies address the fundamental differences between services and goods. Other researchers have proposed typologies that do take the unique characteristics of services into account (Chase 1978; Rathmell 1974, p. 105; Bitner 1992). However, these typologies are inadequate due to a lack of empirical support and/or a deficient structure that does not facilitate empirical study. One typology that has promise both academically and managerially was developed by Mills and Margulies (1980). They proposed a core typology for service organizations based on the nature and extent of the interface between the service employee and the customer. They classified service organizations into three groups, including maintenance-interactive, task-interactive, and personal-interactive services.

The first group is maintenance-interactive (MI) services, which are those firms where a superficial, continuous relationship exists between the provider and the customer. In this relationship, the provider attempts to gain the trust of the consumers. Examples of MI firms are retail banks, equipment leasers, dry cleaners, restaurants, fast food outlets, hotels, and delivery services. Characteristics of this type of service include repetitive use by the customer, brief interface duration, high total time in direct contact, less-skilled employees who perform routine tasks, franchises, low customer risk, and receipt of a short term benefit (Mills and Margulies 1980).

The second group is task-interactive (TI) services. The relationship between the provider and the consumer for these services is finite and ends once the service provider completes the task to be performed. These firms provide a solution to a problem that the consumer presents to the provider; the focus of the relationship centers on solving the problem. Examples of TI firms include consultants, tax advisors, engineers, computer services, advertising agencies, and architects. Characteristics of this type of service are creative and skilled employees, higher risk for the customer, a moderate interface duration, a moderate total time spent in direct contact, and a long term consumer benefit.

In the last group, personal-interactive services (PI), the provider solves a problem for the consumer that is usually intimate in nature. Here, the interaction between the client and provider is ongoing and revolves around solving a problem that the consumer has no idea how to diagnose or solve. Examples of PI services are dentists, doctors, psychiatrists, lawyers, and optometrists.

This typology has been criticized by Larson and Bowen (1989) and by Snyder, Cox and Jesse (1982) who claim the three categories are not mutually exclusive. However, if the broad description of the service is broken down to the specific type of service (e.g. instead of legal services we think of notary public, international contract lawyer, or divorce lawyer), the typology becomes more appropriate and concerns with it with respect to mutual exclusivity diminish. Even though these concerns can be

somewhat discounted when more pure exemplars of the three groups are used, one caveat is in order when applying the Mills and Margulies typology to site selection strategies: it may be most appropriate to specialized or small firms.

The Mills and Margulies (1980) typology is an especially attractive one to examine as a recent empirical study done by Becker and Murrmann (1995) indicated preliminary support for the typology. They viewed the Mills and Margulies typology as representing a transfer of information taking place between the service provider and the customer. Using fifteen different types of services, they found support for the assertion that services could be categorized into the three groups that Mills and Margulies proposed. Although this paper tested the validity of the typology, it did not examine how any specific marketing strategies might differ between the three groups. In the next section, hypotheses are developed to empirically test the Mills and Margulies typology of services in the context of retail service location decisions and strategies.

HYPOTHESES

There are many factors that management should consider in the selection of an appropriate location for the firm. In fact, numerous checklists have been published that detail important factors that help managers evaluate different possible locations (Nelson 1958; Kane 1966; Applebaum 1966; Gruen and Smith 1960, p. 38; Ghosh and McLafferty 1987, p. 49). Some of the recurring factors on these checklists include the local demographics (e.g. population base of the local area), accessibility of the site to the customers, and the number of competitors in the area. Important location considerations may not only help evaluate the attractiveness of the site to the target market, but may also help in the evaluation of the attractiveness of the site to the employees of the firm. These factors will be expanded upon and further developed in this section.

Mills and Margulies (1980) define maintenance-interactive services as being consistent with a very routine form of service delivery. They state that "the focal point is building trust or confidence" (p. 262). For example, a bank should build trust in consumers so they feel confident that the money deposited at a bank

can be withdrawn again. The interaction is cosmetic and often does not go beyond social politeness. The customer knows exactly what is required and plays a clearly defined role in the interaction. The duration for each transaction is typically short. With each visit, the customer can be served by a different employee and the customer usually identifies more with the organization than with the employees. Due to the routine nature of these services and the cosmetic social interaction, brief interface duration, high total time in direct contact, low risk, high employee transferability, and the simplicity of the relationship between the consumer and provider, the customers of MI firms are expected to value the convenience of using the service. Therefore, it is expected that service location decision makers will believe that their customers would not be willing to travel as far to use a MI firm as they would for a PI or TI firm. By the same token, MI providers should perceive their location to be very important to their consumers.

For task-interactive services, Mills and Margulies (1980) emphasize that the client is very dependent on the employee. The relationship between the customer and the provider of the service has a finite duration-- however long the particular project lasts. Because of this nature of the relationship, employee transferability is limited. A moderate interaction between the customer and the service provider is necessary in order to complete the service. The choice of a service provider presents a higher risk to the customer because of the long term impact of the results. The employee's objective is to solve a problem that the customer has. The customer is aware of what the problem is, but does not have the knowledge to solve the problem. The employee controls the information and decides on the proper solution to the problem. A large amount of information needs to be gathered before the task can be completed (e.g. an engineering firm building a bridge). Due to the higher risks involved with consuming this type of service, the moderate interface duration, the moderate total time spent in direct contact, and the limited transferability, the perceived distance a customer is willing to travel to use a TI firm should be greater than that for a MI firm. In addition, the provider of the TI service should not be as concerned about the location of the TI business as a MI provider would be.

Mills and Margulies (1980) define personal-interactive services as those where the relationship between the employee and the consumers is ongoing. For example, once a particular dentist has been selected, it is common for the consumer to remain with the same dentist over a number of years. Usually the entire service takes place in the presence of the client. The emphasis is on building the rapport in a professional relationship focused on personal service. PI services deal with private issues that need to be resolved by the customer. Due to the intimate nature of this type of relationship, customers usually prefer to remain with the same employee throughout the duration of the relationship. The interaction is personal in nature and the service provider aims at improving the quality of the consumer's health or welfare. The customers using these types of firms not only do not know how to solve the problem that they have, but they might even need help in identifying the problem itself. In PI services, a concentrated interaction takes place between the employee and the customer. Due to these factors, it is predicted that location decision makers will believe that consumers would be willing to travel very far to use a PI provider that they are comfortable with. Furthermore, the provider of the PI service should not be as concerned about the location of the PI business as a TI or MI provider would be about the locations of their businesses. This leads to the following hypotheses.

H1: Location decision makers' perceptions of the distance consumers are willing to travel are significantly greater for PI decision makers than for TI decision makers. These perceptions are also significantly greater for TI decision makers than for MI decision makers.

H2: Location decision makers' perceptions of how important the firms' location is to consumers are significantly higher for MI decision makers than for TI decision makers. These perceptions are also significantly higher for PI decision makers than for TI decision makers.

Similar factors that affect the perceptions of the importance of the location of the firm to the customer and the perceived distance that the consumers are willing to travel also should affect the perceptions of the importance of the number of competing firms in the area. The

more personal and important the relationship is between the service provider and the consumer, the less important the competition is. In MI services the substitutability of the employee is high, in TI services it is moderate, and in PI services it is low. The nature of the relationship in MI services is also low in confidentiality, while it is moderate in TI services and high in PI services (Mills and Margulies 1980). The lower the substitutability of the service provider and the more confidential the relationship is, the less important competition in the same area should be perceived. This leads to the following hypothesis.

H3: Location decision makers' perceptions of the importance of not having competitors in their geographic area is significantly higher for MI decision makers than for TI decision makers. These perceptions are also significantly higher for TI decision makers than for PI decision makers.

In addition to the expected differences in perceived importance of location among the three service types, it is also hypothesized that the actual number of competitors will differ across the three groups. By and large MI transactions are more routine and frequent in nature. Therefore, demand for these services is greater but consumers' willingness to travel distances for them is less. As a result, a higher number of MI services would be expected in a given area than TI and PI services in the area, and the number of TI services available should be higher than the number of PI services. This would explain, for example, the higher number of dry cleaners compared to the number of tax accountants in an area.

H4: There will be a significantly higher number of MI firms in a given geographic region than TI firms. There will also be a significantly higher number of TI firms in a given geographic region than PI firms.

Thus far, the hypotheses have focused on influences that are external to the firm across the three categories of the typology. But internal factors, although perhaps less important from a location decision standpoint, could also provide valuable insight when examined across the MI, TI, and PI groups. The most important internal factor of service firms is the employees. Because the basis for the Mills and Margulies (1980) typology is the degree of interaction

between the service employee and the customer, an examination of location strategy with respect to the employees as an important factor seems warranted.

The literature regarding job redesign theory and job enrichment can be used to help understand how location decisions that take into account the employees as an important factor can be explained by the typology. It is well established in the literature that job content, which includes the variety, autonomy, degree of responsibility, and task identity of a job is directly related to employee job satisfaction, job involvement, job enrichment, and feelings of accomplishment (Hackman and Lawler 1971; Blauner 1964; Shepard 1969; Susman 1973; Hackman and Oldham 1976; Paul and Robertson 1970). According to job redesign theory, job content is positively related to motivation, which is positively related to both job performance and job satisfaction.

In MI firms, employees perform activities very low in complexity. That is, the nature of their work is quite homogeneous and the range of activities they perform is low. The tasks these employees perform are simple and routine. They make very few judgmental decisions and those that are made are simple and low in importance (Mills and Margulies 1980). In TI firms, employees have more complex tasks to perform. The tasks are more heterogeneous than those conducted in MI firms and the range of activities is higher. These employees gather pertinent information over a longer period of time so that alternate solutions can be formulated. TI jobs require the employees to find solutions for problems that they might not have encountered in the past. They make a significantly higher number of judgmental decisions than the employee in a MI firm and these decisions have a moderate level of importance (Mills and Margulies 1980). In PI firms, the employees perform extremely complex tasks compared to TI and MI firms. Every task and encounter with the customer requires the employee to make extremely important decisions. These jobs require the employee to have a large degree of autonomy (Mills and Margulies 1980).

Based on these characteristics of the three groups, it can be inferred from the typology that MI firm employees will have the lowest levels of job satisfaction, job involvement, and

feelings of accomplishment; TI firm employees will have moderate levels; and PI firm employees will have the highest levels. Therefore, it can be expected that across the three service firm categories, there should be a significant difference in the importance that the decision makers place on how far the employees are willing to travel to get to work. The more motivated employees should be willing to travel farther to get to a job they enjoy. Because MI employees should have the lowest levels; TI employees moderate levels; and PI employees high levels of job satisfaction, job involvement, and feelings of accomplishment, it is expected that decision makers of MI firms will place a high importance on the employee as a factor for location decisions, decision makers of TI firms will place a moderate level, and PI decision makers a low level. This leads to the following hypothesis.

H5: Decision makers' perceptions of the importance of locating a firm close to employees is significantly higher for MI decision makers compared to TI decision makers. They are also significantly higher for TI decision makers than for PI decision makers.

METHODOLOGY

A sample of specialized service businesses in the Chicago area was randomly selected from the Chicago Yellow Pages and the Illinois Services Directory to participate in this study. A total of 100 service organizations were selected and a priori classified as MI, TI, or PI. There were 34 MI firms selected including hairdressers, fast food restaurants, hotels, banks, dry cleaners and flower shops. A total of 33 TI firms were selected including financial planning, design consultants, architects, and computer services. Lastly, a total of 33 PI firms were selected including dentists, physicians, chiropractors, and clinical psychologists. These relatively specialized businesses were used to avoid firms that might be a mixture of the three groups in the Mills and Margulies typology. As such they better represent pure exemplars of the three groups. A mail survey instrument was developed to collect the data and test the hypotheses.

A pretest was done to ascertain whether there would be any problems with the questionnaire. Fifteen questionnaires were sent out with

a personalized cover letter on University letterhead to stress the academic nature of this study; eight of these were returned. Based on the responses on these surveys, no modification to the survey was necessary and the remaining 85 questionnaires were mailed. Thirty-three additional surveys were returned, bringing the total number of responses (including the pretest results) to 41. While the sample is small and localized, it was completely random and we know of no reason why the site decisions of Chicago area service businesses would be biased in any unique way.

RESULTS

Based on descriptions provided by the respondents about the services offered, 14 of the businesses were classified as MI, 14 as TI, and 13 as PI. These classifications agreed completely with the a priori classifications. One of the MI cases had to subsequently be eliminated due to substantial missing values.

In order to test the five hypotheses, chi-square tests were performed to determine if the hypothesized differences existed between the MI, TI, and PI service categories. In addition, Goodman and Kruskal's (1954) lambda was computed to determine the degree to which knowledge of the Mills and Margulies typology classifications can reduce the error in predicting the site location perceptions of decision makers. The ability of the typology to reduce the error is a test of its usefulness.

Based on the conceptual framework that Mills and Margulies (1980) proposed, it was posited that businesses classified as MI firms would be located closer to their target market and PI firms would have the largest geographic market area. This hypothesis was measured using the geographic area (in miles) from which the firms in this study attracted their customers. Table 1 shows the results of the chi-square test for the first hypothesis and indicates that the differences across the three groups are significant at the .012 level ($\chi^2 = 8.831$). As expected, MI firms have a smaller geographic area than TI firms, since 53.8% of the MI firms reported that their customer base came from less than 25 miles away, while this was the case for only 14.3% of the TI firms. Unexpectedly, 69.2% of the PI firms reported their customer base was drawn from less than 25 miles, which is not very different

from, and actually exceeds, the MI group. Thus, the first hypothesis is only partially supported, as the predicted relationship between the MI and TI firms is confirmed, but the PI firms look more similar to the MI firms. However, the lambda value indicates that knowledge of the three Mills and Margulies classifications can reduce the error in predicting the decision makers perception of the distance consumers are willing to travel to visit their location by 33.3%. The second hypothesis predicted that the decision makers from the three categories proposed by Mills and Margulies (1980) would perceive the importance of the location of their firm differently. It was hypothesized that the decision makers of MI businesses would perceive location to be more important than both TI and PI decision makers, and that TI decision makers would perceive location to be more important than PI decision makers. Table 1 shows the results for the second hypothesis. For the statement regarding location on a major road, the results were significant at the .012 level ($\chi^2 = 8.826$). Of the MI decision makers, 61.5% indicated that it was critical or very important to have a location on a major road, as compared to only 15.4% of the TI decision makers. Surprisingly, 69.2% of the decision makers for PI firms felt a location on a major road was critical or very important, which again exceeded the percentage for the MI decision makers.

The chi-square test of the second question pertaining to the second hypothesis was significant at the .015 level ($\chi^2 = 8.450$) and reveals a substantial difference between MI and TI decision makers in the expected direction. For MI firms, 69.2% of the decision makers felt that it was critical or very important that the customers find the location of the facility appropriate, compared to only 30.8% of the TI decision makers. However, the PI decision makers again behaved contrary to what was hypothesized as 84.6% felt that it was critical or very important that their customers find their location appropriate, which exceeds the percentage for the MI firms. Thus, as with the findings of the first hypothesis, the second hypothesis is only partially supported because in both questions, as expected, MI firms exceed TI firms, but contrary to expectations PI firms exceed both MI and TI firms.

While these results for hypothesis two are only partially as expected, the lambda values

TABLE 1

		MI	TI	PI	n	Chi-Square	Sig.	Lambda
Hypothesis 1								
Geographic area customers attracted from	< 25 miles	53.8%	14.3%	69.2%	40	8.831 d.f. = 2	.012	.333
	> 25 Miles	46.2%	85.7%	30.8%				
Hypothesis 2								
Site on major road	important	61.5%	15.4%	69.2%	39	8.826 d.f. = 2	.012	.421
	no imp.	38.5%	84.6%	30.8%				
Customers find location appropriate	important	69.2%	30.8%	84.6%	39	8.450 d.f. = 2	.015	.333
	not imp.	30.8%	69.2%	15.4%				
Hypothesis 3								
No competing firms in area	important	61.5%	00.0%	30.8%	39	***	***	.250
	not imp.	38.5	100%	69.2%				
Hypothesis 4								
Competing firms targeting same customers	< 5	76.9%	53.8%	45.5%	37	2.710 d.f. = 2	.258	.067
	> 5	23.1%	46.2%	54.5%				
Competing firms in same area when first opened	< 5	75.0%	33.3%	54.5%	35	4.198 d.f. = 2	.123	.250
	> 5	25.0%	66.7%	45.5%				
Hypothesis 5								
Staff commute	important	30.8%	53.8%	38.5%	39	1.484 d.f. = 2	.476	.063
	no imp.	69.2%	46.2%	61.5%				

***the number of cells in the cross-tab table with expected values less than 5 exceeded 20% so a chi-square test could not be done.

for these two questions indicate a strong ability for the Mills and Margulies typology to reduce the error in predicting the decision makers perceptions of the importance of site location by 42.1% and 33.3% respectively.

The third hypothesis measured the owners' perception of the importance of competing firms being located in the same area. Unfortunately, because of the relatively unequal distribution of the responses to the question measuring this hypothesis, the number of cells in the cross tabulation table with expected values less than 5 exceeds 20% of the total cells; thus the chi-square test could not be applied in this instance (Norusis 1987, p. 238). None the less, since this hypothesis could not be tested and rejected we report the indicated differences in the data. The responses from the subjects indicated that 61.5% of the MI decision makers, 0.0% of the TI decision makers, and 30.8% of the PI decision makers reported this to be critical or very important to their firm. Thus, the indicated results appear only partially as expected; the decision makers' perception of

the importance of the number of competing firms was higher than the other groups, but the TI and PI results are opposite what was expected. Furthermore, the lambda value indicates an association in this data with a 25.0% reduction in the error in predicting the perceived importance of avoiding locating near competitors as a result of knowing a service firm's classification in the Mills and Margulies typology.

To test hypothesis 4, two questions about the competition measured (1) the number of competitors in the same area targeting the same customers, and (2) the number of competitors competing in the same area when the firm first began business at its current location. As shown in [Table 1](#), neither of these questions yielded any significant differences between the three groups ($\chi^2 = 2.710$, $p = .258$ and $\chi^2 = 4.198$, $p = .123$). Therefore, with regard to the number of competitors in their geographic area our results suggest the actual number of competitors does not vary across the three types of service businesses, but the owners perception

of the importance of the number of competing firms does. None the less, the lambda value for the second question still shows a reduction in error of 25.0% indicating the typology has some ability to predict the number of competing firms at the new location of a service firm.

Finally, hypothesis 5 predicted that there would be significant differences between the three service classifications based on the owners' perceived importance of the distance that the staff is willing to travel. According to the Mills and Margulies (1980) typology of services, the job complexity and importance of the service employees' job should increase from MI to TI to PI firms. Thus, it was hypothesized that the distance the staff is willing to travel would be lowest for MI firms and highest for PI firms. The chi-square test for this question indicates the differences across the three groups of service businesses were not significant ($\chi^2 = 1.484$, $p = .476$). Thus, hypothesis 5 was not supported; this was confirmed by a very low lambda value.

DISCUSSION

Mills and Margulies have developed an interesting midrange typology of service organizations. We have tested its applicability to the location of retail service businesses by deriving and testing hypotheses related to factors which should influence the site location decisions of such business owners. Despite the small and limited scope of the sample used in this exploratory study, the results of our hypotheses testing are encouraging. We have found significant differences in the decision makers' perceptions of the importance of their location to consumers and their perception of how far their customers are willing to travel to avail themselves of the service across the three classes of services. Also, while we did not find any significant differences between the actual number of competitors, we did find indications of differences in the decision makers' perceptions regarding the importance of the number of competing firms. Only the hypotheses regarding staff travel to work and the actual number of competitors could not be supported to any degree. The lambda measures of association demonstrated that the typology categories improve the ability to predict the perceptions of site location decision makers regarding four important location issues included in the first three hypotheses. Together these results indi-

cate that we are able to explain and predict certain aspects of retail service businesses' site location decisions from knowledge of how they are classified in the Mills and Margulies typology. Thus the Mills and Margulies typology has stood up to the first empirical test of its validity in the context of actual strategies used by service firms.

An interesting and unexpected finding with regard to the influences on site selection is that the results for MI and PI services appear to be similar in several areas. In the typology they are positioned as maximally different in terms of the nature of their provider/customer interfaces yet they look similar in terms of the influences on site selection. We feel this anomalous result may be due to the similarities in the total time customers spend in direct contact with the service provider. Mills and Margulies (1980) speculate that both MI (i.e. hairdressers) and PI (i.e. dentists) services are characterized by a high degree of total contact time with the service provider. Furthermore, another similarity between MI and PI services is that they both involve ongoing relationships with customers while TI relationships are task focused and end once the task is completed. For example, the issues involved in the location decisions of a hairdresser (MI) and a dentist (PI), which both involve on-going relationships and a high degree of total time spent with customers, may be more similar to each other than to those of an architect (TI) whose relationship with clients is task focused and project specific. For these reasons consumers seeking out MI and PI services could have the same sensitivities to the distance and convenience of the provider and the MI and PI decision makers reflected this similarity in their answers to the survey questions. An alternative explanation of this anomaly is that the Mills and Margulies typology should actually be condensed into two categories because of these empirical similarities between the MI and PI classifications.

Based upon our findings, we would expect MI and PI firms to use similar site location strategies because of the similarities that these two groups share, including the smaller geographic region from which their customer bases are drawn, the added importance of being located at a convenient site, and the importance of locating the firm away from competition. The influences on site selection for TI firms are at the opposite end of the spectrum

as compared to MI and PI firms. For TI firms, the geographic area from which the customer base is drawn is larger, their location is perceived as less important, and the location of competitors is irrelevant. Therefore the location of the TI service firm is not as important a consideration in the marketing mix as compared to MI and PI firms. These results suggest that, using the criteria of usefulness (Bedeian 1980), the Mills and Margulies typology of services is useful for helping specialized service businesses think through the issues involved in their site location decisions.

FUTURE DIRECTIONS

One limitation of this study is the small sample that was used. Even though significant results were obtained for some of the hypotheses, only directional or no support was found for others. A replication of this study done with a larger sample size would help to strengthen the results of this study. Another limitation to note is that hypothesis five focused on existing staff when it may have been more appropriate to consider the difficulty of recruiting new employees due to concerns regarding the distance they would have to travel. The existing staff are already willing to commute to the site. Furthermore, we did not differentiate between the front-line customer contact employee and management or supervisory level employees. Future studies in this area should recognize the Mills and Margulies typology is most relevant to customer contact employees who create the service experience.

This study examined location decisions from a service provider perspective. It would be interesting and insightful to conduct a similar study investigating the importance of location from the consumers' point of view. If this is done, future researchers could then perform a gap analysis to compare the differences between how providers and customers view the location of service firms. The Mills and Margulies typology of services could also be tested using other dimensions of marketing strategy to provide additional empirical support for the typology. For example, Baker (1986) defined the atmosphere of services across three dimensions including the ambient factors (e.g. noise, lighting, sound), design factors (e.g. architecture, layout, signage), and social factors (employees and customers). Since atmosphere decisions typically occur at the same time as

location decisions, it would be interesting to examine the importance of atmosphere from both a provider and consumer perspective. Further tests such as these will be necessary to establish the broad usefulness of the Mills and Margulies typology for helping service businesses make strategy decisions. Based upon our results, the promise is there.

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THE MEASUREMENT OF SERVICE BEHAVIOR AMONG CUSTOMER CONTACT PERSONNEL

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ABSTRACT

Customer contact personnel (CCP) perform extensive 'boundary spanning roles' within service industries. Role conflict, which is highly correlated with 'boundary spanning' roles, impacts the service behaviors, attitudes and intentions of CCP. CCP service behaviors range from the customer orientated perspective of complying with expectations of customers, to the non customer orientated perspective of seeking to negotiate with customers and thereby satisfying lesser expectations, or by avoiding the demands of customers. The measurement of service behavior among CCP is a highly relevant topic to service industries and represents a dependent variable for role conflict studies.

However, the measurement of this construct has received little attention in the marketing literature. The exception is a 17 item scale developed among a small sample (n = 45) of store managers by Weatherly and Tansik, 1993 (WT). The qualitative phase of this research identified nine behaviors used by CCP towards customers and supervisors who place demands upon them. In the subsequent quantitative phase, the nine behaviors, were reduced through factor analysis to four basic service behavior strategies. These were: Effort - working hard; Negotiating - bargaining to lessen demands; Preempting - seeking to stop communication of expectations; and Avoiding - pretending not to notice.

The WT research chose CCP respondents in the qualitative phase who were retail sales clerk, bank tellers, waiters and a loan officer. In the quantitative phase the CCP were store managers. Hence, the key objective of our study was to ascertain whether a similar factor structure would result among a different cohort of CCP, namely flight attendants. Airline flight attendants were selected as survey

respondents due to the considerable 'boundary spanning' role they occupy. They encounter 500-1000 people each day and must continually perform their role for their clientele. Flight attendants represent the airline company to the public and are the contact point between the faceless corporation and the passenger. Compared to CCP in WT's study, the role of a flight attendant is arguably more stressful, due to their extensive boundary spanning position. Consequently, it was considered that our results would not mirror the previous research.

Therefore, this paper reports on the two studies that were conducted, the first exploratory and the second confirmatory, to determine the applicability of the WT scale among a different population of CCP. Both studies utilized flight attendants from a major public Australian airline company. The WT 17 item scale, modified to an airline context, was used as the starting base. A qualitative phase was conducted prior to the two quantitative studies, following the interview schedule set out by WT.

Study One utilized a convenience sample of 100 flight attendants. As this was an exploratory phase, the survey comprised the original 17 items plus an additional 15 items generated from the focus groups. Study Two used a 20 item scale developed from Study One, in a survey that was randomly distributed to 1250 flight attendants, achieving a response rate of 48%.

The paper discusses the results found in the exploratory study, a 5 dimension solution where a factor entitled Team Support emerged that had not previously been reported in the services marketing literature, but had been referred to in the sociology literature. Details of the confirmatory factor analysis in Study Two are then discussed.

The paper concludes with a discussion of what might be the common factors that appear to transcend service environments and offers implications for management.

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THE MARKETING PLANNING INDEX: A TOOL FOR MEASURING STRATEGIC MARKETING EFFECTIVENESS IN THE HOSPITALITY SECTOR

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ABSTRACT

Managers practice in a consistently changing environment necessitating the need for an effective strategic marketing process. Nevertheless, measurement of marketing effectiveness has tended to be ignored in the literature. This study proposes a new managerial tool called the marketing planning index, which measures the effectiveness of marketing. The

tool is tested on the service industry -- in this case the hotel sector. Our findings indicate that the marketing planning index is a simple but powerful managerial tool that helps develop the diagnostic information needed to generate corporate and business level initiatives designed to improve strategic marketing effectiveness.

THE LINK BETWEEN MARKET ORIENTATION AND PERFORMANCE IN UNIVERSITIES: SOME EMPIRICAL EVIDENCE

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ABSTRACT

Amidst rapid changes in the tertiary education sector witnessed in recent years, issues such as performance and accountability are becoming increasingly important. Amongst other things, market orientation has often been linked to performance. This paper investigates the degree of market orientation and its effect on performance at Australian and New Zealand Universities. Results confirm a positive relationship between market orientation and overall

performance: providing support for the relevance of market orientation to universities. The study has confirmed the importance of the responsiveness dimension. Another interesting finding is that there is no significant difference in the level of market orientation between business and non-business schools or departments in universities in Australia and New Zealand. Implications, limitations and directions for further research are also discussed.

A TREND ANALYSIS OF MAIL SURVEY RESPONSE RATES FOR SELECTED MARKETING JOURNALS, 1960-1995

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ABSTRACT

A trend analysis of mail survey response rates was conducted using a sample of 232 studies from seven marketing journals that dated back to 1960. Results of the analysis revealed a downward linear trend in response rates for consumer surveys that were national

in scope. An upward linear trend was found for regional surveys for both consumer and industrial-professional subsamples. Implications for the use of mail surveys are drawn from the results and future research is suggested.

BACKGROUND AND LITERATURE

Mail surveys continue to be popular research method for gathering information on consumers and their interaction with groups and organizations. The advantages of mailouts make it an attractive method for data collection, but the persistent problem of nonresponse can counteract these advantages. An increasing trend in nonresponse regarding interview techniques has been systematically documented (Steeh 1981), but the trend in response to mail surveys has not been studied.

While the use of mail survey research is growing (Kinnear and Taylor 1983; Tybout and Zaltman 1974), overall response rates may be declining (Fay, Bates, and Moore 1994). Numerous studies investigating different factors that may affect response rates (see Heberlein and Baumgartner 1978; Kanuk and Berenson 1975; Linsky 1975; Scott 1961; Yu and Cooper 1993 for literature reviews) have produced tenuous findings. A meta-analysis of studies designed to evaluate response to mailouts revealed that repeated contacts in the form of preliminary notification and follow-ups, personal appeals, inclusion of a postage paid self-addressed reply envelope, and monetary incentives are positively related to response rates (Yammarino, Skinner, and Childers 1991). Other extensive reviews of this literature (e.g., James and Bolstein 1990; Yu and Cooper 1983) generally concur.

A need to assess the overall trend in mail response rates is apparent. A review of the literature revealed virtually no empirical research on the subject. Consequently, the primary objective of this study is to assess any trend(s) in the response rate of mail survey research published over the past thirty-five years. It explores the effect of several variables: respondent type, sample type, and scope of geographic coverage that have a potential to impact response rates over time (see e.g., Fink 1995; Heberlein and Baumgartner 1978; Bourque and Fielder 1995; Dillman 1978; Sudman 1976). Even though the focus is on selected marketing journals, the results may be of interest to researchers in other disciplines utilizing mail survey methodology.

METHODS

Sample

The data for the study were collected from seven marketing journals, the *Journal of Marketing Research*, *Journal of the Academy of Marketing Science*, *Journal of Marketing*, *Journal of Retailing*, *Psychology and Marketing*, *Journal of Consumer Research*, and the *Journal of Advertising Research* dating from 1960 to 1995. The unit of analysis was the individual mail questionnaire research study. Data were collected on a variety of marketing research topics. The sampling procedure involved randomly selecting approximately 65 empirical studies per decade from the set of journals.

The decade of the 60's is under-represented (29 studies) because of the limited amount of research published during that period. The procedure generated a total of 232 studies spanning the three and one half decades. The distribution of studies per journal was as follows: JM - 47, JMR - 40, JR - 32, JAMS - 31, JCR - 26, P&M - 14, and JAR - 42.

Measures

For classification purposes, the data collected from each empirical study contained information on the identification of the author(s), the article title, and the name, volume and year of the journal. Measures of sample type, type of incentive used, geographic scope, whether the sample was random or not, and response rates were also collected for analysis. For the sample type measure, samples were grouped by consumers, industrial-professionals, or students, the three most popular groups generally surveyed. Incentives were classified as either monetary, nonmonetary, personalized appeal, the inclusion of a postpaid reply envelope, and repeat contact. The techniques of pre- and post-notification and multiple mailings were counted in the repeat contact measure. The geographic scope variable categorized the coverage of the empirical study as either international, national, or regional. Whether the sample in each study was random or nonrandom was also included to determine the effect on response rates. Each of the categorical and multichotomous measures were dummy coded and used as independent variables in regression analyses. Reported survey response rates for the study ranged between 9 - 99% with a mean of 49%.

ANALYSIS AND RESULTS

Trend Analyses

Initially, polynomial regressions were performed on the entire sample and various subsamples, using response rate as the dependent variable and year the study was published (Time) as the independent variable. For the analyses, a linear component and higher-order polynomials were sequentially entered into each of the regressions. No higher order polynomials achieved significance ($p's > .20$), so that [Table 1](#) reports results for the linear components only.

Analysis of the entire sample indicated a slight negative overall relationship between response rate and time of the study ($F(1,230) = 2.70, \beta = -.25, p's = .10$). No trend was found for the response rates to industrial surveys ($F(1,94) = .035, p = .99$), but a negative linear component was significant ($F(1,129) = 4.25, p = .04$) for consumer studies ($\beta = -.41, p = .04$). Further analysis revealed a more pronounced downward trend than the overall sample for national surveys ($F(1,148) = 20.04, p < .01$) and an upward trend for regional surveys ($F(1,65) = 13.92, p < .01$). As shown in the table, the raw betas for national ($\beta = -.86, p < .01$) and regional ($\beta = .91, p < .01$) mail surveys are nearly equal in magnitude, but are opposite in sign. Significant upward trends were indicated for both types of regional surveys, consumer ($F(1,40) = 10.09, \beta = 1.01, p's < .01$) and industrial ($F(1,20) = 5.33, \beta = .88, p's = .03$), respectively. No trend was evident for the industrial group ($F(1,67) = 2.23, p = .14$), but a first-order model indicated a downward linear trend for response to consumer surveys that are national in scope ($F(1,77) = 14.19, \beta = -.95, p's < .01$). No trend ($F(1,23) = .72, p = .63$) in rates over time was found for studies that were international in scope.

Multiple Regressions

The results of a series of multiple regressions, including incentives, with response rate as the dependent variable are presented in [Table 2](#). Column 2 presents the results of Model I regressing response rates against the entire set of independent variables previously described ($F(10,221) = 3.59, p > .01$). Significant positive estimates were obtained for Monetary incentives ($\beta = 11.30, p = .02$) and for Repeat Contact ($\beta = 7.07, p = .06$). Except for the Random variable ($\beta = -16.85, p < .01$) which was negative, no other variables achieved statistical significance ($p's > .14$) for the overall sample.

Models II and III estimated the effects of the independent variable set partitioned by sample type (consumer vs. industrial). In regression Model II, which considered only consumer based surveys ($F(8,122) = 2.11, p = .04$), three types of incentives, Monetary ($\beta = 14.16, p = .02$), Personalization ($\beta = 12.11, p = .04$), and Repeat Contact ($\beta = 9.27, p = .07$)

TABLE 1
Results of Trend Analyses for the Entire Sample and Subsamples

Sample	Regression Coefficient	Standard Error	R ²	Mean	Intercept
Entire Sample	-.25 ^a	.15	.02	49	69.65 ^c
Sample Type:	-.41 ^b	.20	.03	52	84.33 ^c
Consumer	-8.33	.25	.00	45	45.52 ^b
Industrial					
Geographic Scope:					
National:	-.86 ^c	.19	.12	48	118.54 ^c
National/Consumer	-.95 ^c	.25	.16	55	128.34 ^c
National/Indust.	-.52	.35	.03	44	87.79 ^c
Regional:	.91 ^c	.24	.18	50	-23.76
Regional/Consumer	1.01 ^c	.32	.21	48	-34.49
Regional/Indust.	.88 ^b	.38	.21	51	-15.91

a < .10, b < .05, c < .01

TABLE 2
Results of Multiple Regression Models for the Entire Sample and Various Subsamples

Variables	Models								
	I	II	III	IV	V	VI	VII	VIII	IX
Random	-16.85 ^c	-14.21 ^c	-16.44 ^c	-12.87 ^c	-17.95 ^c	-11.20	-35.43	-13.49 ^b	-12.05 ^b
Consumer	.71	---	---	-6.32	8.94	---	---	---	---
Industrial	-11.22	---	---	-17.76	12.03	---	---	---	---
National	.66	-2.21	.31	---	---	---	---	---	---
Regional	-1.02	-6.71	12.74	---	---	---	---	---	---
Personalized	6.04	12.10 ^b	1.40	.92	9.99	8.96	13.32	4.97	-2.31
Reply Envelope	4.15	7.50	-3.37	-1.16	-3.47	-6.85	3.27	-.41	.39
Monetary	11.30 ^b	14.16 ^b	-.79	3.58	11.71	2.13	15.23	5.57	-2.24
Repeat Contact	7.05	9.27 ^a	7.90	6.11	4.75	.59	13.47	8.64	5.85
Time	-.20	-.27	.02	-7.07 ^c	.82	1.09 ^c	-.01	-.91 ^c	-.42
Multiv F	3.58	2.10	2.15	4.57	4.17	2.36	2.98	3.31	1.14
Sug F	0.00	0.04	0.02	0.00	---	0.05	0.04	0.01	0.23
R-Sq	0.14	0.12	0.19	0.21	0.37	0.29	0.54	0.22	0.12
St. Error	20.66	20.66	20.10	20.31	18.31	17.87	18.34	18.34	20.89

a < .10, b < .05, c < .01

were positively related to response rates. A negative β for the Random variable was highly significant ($\beta = -14.21$, $p < .01$) in this model and in Model III examining industrial surveys ($F(8,87) = 2.54$, $p = .02$) ($\beta = -16.45$, $p < .01$). No other variables were statistically significant in Model III. The limited number of studies

employing students ($n = 5$) made regression analysis infeasible for that sample type.

Regressions IV and V dealt with studies that were either national or regional in geographic coverage. Utilizing national studies, regression Model IV ($F(8,141) = 4.57$, $p < .01$)

produced significant negative coefficients for the Random ($\beta = -12.88$, $p < .01$), and Time ($\beta = -.71$, $p < .00$) variables. In Model V ($F = 4.18$, $p < .01$), pertaining to regional studies, the same two variables were significant. Similar to Model IV, the effect of Random was negative ($\beta = -17.95$, $p < .01$), however, the effect of Time was positive ($\beta = .81$, $p < .01$). Because of the limited number of observations ($n = 25$) further regression analyses were not performed.

Models VI and VII examined regional surveys with respect to consumers and industrial groups. The coefficient for Time was significant and positive ($\beta = 1.10$, $p < .01$) in regression Model VI ($F(6,35) = 2.37$, $p = .05$). The sole significant estimate in Model VII on industrial/professionals ($F(6,15) = 2.98$, $p = .04$) was for the Random ($\beta = -35.58$, $p = .02$) sample type. Models numbered VIII and IX examined consumer and industrial groups on a national basis. The estimated equation for the industrial group in Model IX was nonsignificant ($F(2,66) = 1.28$, $p = .28$). In regression VIII ($F(6,72) = 3.31$, $p = .01$), on the national subsample of consumers, negative coefficients were computed for the Time ($\beta = -.91$, $p < .01$) and Random ($\beta = -13.50$, $p = .04$) variables.

IMPLICATIONS AND CONCLUSION

Data collection was confined to marketing journals and this is recognized as a limitation to the study's external validity. Moreover, marketing surveys typically receive lower rates of response than mail surveys in other disciplines (Dillman 1978). Academic surveys often have University affiliations, are longer in length, rarely use the full range of incentives found in commercial surveys, and use different procedures regarding notification and follow-ups. Trying to generalize the findings beyond these sample characteristics is risky.

The findings support previous research (James and Bolstein 1990; Yammarino, Skinner, and Childers 1991; Yu and Cooper 1983) that found incentives to be generally related to response rates, namely monetary incentives and repeat contact with respondents. Note that repeat contact in this study included the techniques of prenotification, reminders, and follow-up waves of questionnaires. More specifically, personalizations of the survey also had a positive influence on consumer based

studies, but not on the industrial-professional subsample.

The major contribution of the study stems from the findings of the trend analyses across different study subsamples. A preliminary analysis of the full sample detected only a slight downward tendency in overall response rates. This was because the trends in national and regional subsamples tended to offset one another (i.e., β 's were comparable in magnitude, but opposite in sign). To uncover the distinct trends, the sample had to be decomposed into subsamples based on geographic coverage and separate analyses performed.

The downward trend in response to national mailouts is disturbing because the continued success of legitimate survey research depends upon participant cooperation. From the results obtained, it appears that consumer response could be falling at the rate of roughly a percentage point per year (-.95). Perhaps respondents are exhibiting signs of survey lassitude and/or are becoming skeptical about research in general. It is likely that invasions of privacy (Mayer and White 1969; Robin 1970) and the unethical use of survey methodology (Hunt 1979; McDaniel, Verille, and Madden 1985; Tybout and Zaltman 1974) are contributing factors. Although the trend was not statistically significant for the industrial subsample, the coefficient (-.54, $p = .14$) was in the same direction.

The significant upward trend in rates for both consumer and industrial studies that were regional in scope is interesting. One possible explanation for the reverse trend is the cost/benefit evaluation conceptualized by Robin (1970). Survey respondents may be willing to tolerate some invasion of privacy and misuse of survey research if accrued benefits are judged to outweigh the associated costs. That is, if mail survey research is perceived to have a favorable marketing impact in respondents' geographic region, then rates would improve. Conversely, a mailout identified as national in scope would not be perceived as provincial, so that rates of response would decline.

In sum, the results of the study suggest that mail survey response varies according to sample type (i.e., consumer versus industrial-professional respondents) and scope of geographic coverage (i.e., national versus regional).

This may help to unravel the mixed findings of previous investigations on factors that affect response rates. Additional research in other disciplines is needed to determine if these trends in survey response rates are widespread, or limited to mail survey research in marketing.

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CHILDREN'S ATTITUDES TOWARD ADVERTISING ON TELEVISION: A REVIEW OF RESEARCH METHODS

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ABSTRACT

This article consists of a review and synthesis of the research methodologies used from 1972 through 1994 to study children's attitudes toward advertising on television. The 72 articles reviewed were focused on food pro-

ducts or toys targeted to children 14 years of age and under. Six major journals plus selected other sources were used. A discussion and recommendations for future research are included.

INTRODUCTION

Prior to 1970, very little had been written in the marketing and advertising literature on the subject of children's attitudes toward television advertising. However, public concerns resulted in several studies and reports on the topic. Most of these studies were specifically about television advertising, focusing on research methods and the theory of children as consumers or about children's perceptions of the meaning of advertising methods.

As the public decided there was a need to protect its children from commercial messages, further research was carried out. Government regulators and consumer groups grew increasingly concerned with determining the nature and magnitude of influences on children's consumer behavior--especially that tied to television advertising (Adler et al. 1980; Ward 1972). In 1971, a petition from Action for Children's Television (ACT) was filed with the Federal Communications Commission (FCC), prompting the commissioners to undertake an investigation into the influence of television advertising on children (Adler et al. 1977). The Federal Trade Commission (FTC) also sponsored several studies on the subject. This event in 1971 and the resultant research stream, with initial reporting in 1972, were the reasons for beginning this literature review in the latter year.

The concern of the public was based largely on the fact that, at the time, the average child spent approximately 25 hours per week

watching television (Adler et al. 1980). Many adults believed children were limited in their information processing skills and, therefore, were defenseless in fending off commercial messages. Early research done supported the claims that young children lacked the skills needed to understand, evaluate, and use information from commercials (Robertson and Rosciter 1974; Ward 1972; Ward, Wackman, and Wartella 1977).

A second reason for the emergence of this type of research was that children were starting to become recognized as an increasingly important market segment. Companies such as Mattel and Nestle that marketed products to children sponsored many of the studies during the 1970s. Understanding how children process advertising messages helped advertisers reach this market more effectively and also provided a foundation needed in order to design appealing products and promotion programs (Macklin 1994; Ward 1972).

The objectives of the research reported here are: (1) to trace the research methodologies used from 1972 to the present to study children's attitudes toward television advertising, (2) to identify the chronological development and trends, and (3) to offer suggestions for future research activity.

METHODOLOGY

The study was conducted by content analyzing data from 72 articles on children's

attitudes toward television advertising. Articles reviewed were limited to those advertising food products and toys to children 14 and under since these were the types of advertisements from which the public originally felt that children needed protection. Journals reviewed included *the Journal of Advertising*, *Journal of Advertising Research*, *Journal of Marketing*, *Journal of Marketing Research*, *Journal of the Academy of Marketing Science* and *Journal of Consumer Research*. Selected work found in other sources was also used. The result is viewed as a representative sampling of the work published in the marketing-related literature.

Before the review begins it is appropriate to touch briefly on the concept of "attitude" since it was what was purportedly being measured to varying degrees in the work cited. Measuring attitude has often been regarded as one of the central problems of social psychology (Ward 1972). There is no universally accepted definition of the construct. However, one view that is widely accepted postulates that attitude can be thought of as having three parts: cognitive, affective, and behavioral. The cognitive component consists of a consumer's beliefs, knowledge, and/or perceptions about an object or event. The affective component represents a consumer's feelings or emotional reactions to an object or event. These feelings can be as simple as, "I like Diet Coke," and can be developed without the presence of cognitive information. In other words, feelings can precede and influence cognitions. The behavioral component reflects a consumer's tendency to respond in a certain manner toward an object or event. Actual behavior should therefore reflect behavioral intentions (Berkman, Lindquist and Sirgy 1997).

All three components tend to be consistent with one another, and a change in one will generally produce a change in the other two. Marketing and advertising managers assume this to be true and thus attempts are typically made to concentrate on just one of the components during a television commercial. Some studies, however, have found a somewhat limited relationship among the three components. Advertising may affect attitudes in several ways. Commercials can result in brand awareness, increased consumer knowledge, reinforced consumer emotions, enhanced pro-

duct image, reminder for repurchase (Berkman, Lindquist and Sirgy 1997) -- all of these actions reflect at least one attitude component.

RESULTS

The articles were analyzed chronologically in four general topic areas: *type of research*, *the sample*, *data collection method*, and *method(s) of analysis*.

Type of Research

Attitude Component Measured: The attitude components studied varied by decade. In the 1970s only the cognitive component was measured in 29 percent of the studies. Other popular components were behavioral and cognitive and affective together. In the 1980s research efforts measuring the cognitive aspect were still done most frequently, and in the 1990s this component has been considered in all four of the studies, either by itself or combined with the affective or behavioral component. It has been the most often researched component of attitude.

Marketing Research Approach: Three types of marketing research approach were considered: exploratory, descriptive, and causal. During the 1970s emphasis was placed on exploratory research. These projects were typically composed of small samples. The studies were primarily focused on topics such as whether children understood commercials (Robertson and Rossiter 1974) or on children's emotional reactions to commercials (Ward 1972). In the 1980s and 1990s, the descriptive research approach literally disappeared from the literature analyzed, while exploratory studies continued to dominate. The percentage of causal studies appeared to hold steady throughout the three decades.

Sample Design

Sample Size: The average sample size in the 1970s was 239, this dropped to 171 in the 1980s. The most frequently used sizes for the 1970s were 201-500 while in the 1980s the most frequent range was 101-200. This information is reported only to give a feeling for the numbers. Obviously, the sizes must be put in the context of the data collection procedure used to derive any meaning from them.

Sample Gender Mix: Most of the studies included males and females in their sample populations. However, it appears that throughout all decades, male-only studies have been of most interest to researchers, probably because it is thought by some that young boys are the primary targets for commercials advertising food and toys, and that they influence more purchases of these products than their female counterparts. This has not been stated outright. Though in one study there was a mention that "only boys were selected because of the nature of the advertised toy used in the study" (Gorn and Goldberg 1977).

Sample Age Mix: Ages of study populations ranged from 2 to 14 years. The 1970s contained studies examining elementary school (K-8) children, hence the majority of the participants were 5 to 12 years old. In the 1980s, children as young as 2 years were included, and over half of the studies involved children 4 or younger. The most frequently studied age in the 1970s was 10 years while in the 1980s it was 5 years. Thus it appears that a much younger audience was being researched in the latter decade as researchers continued to examine the cognitive abilities of preschool and elementary children.

Other characteristics: Throughout all decades researchers appeared to pay particular attention to socioeconomic status. And a range of classes were in the samples. Yet few class contrasts were reported.

Identifying Sample Participants: The most heavily used method of sample determination involved asking administrators at a school or schools to allow their students to participate in the research. Other than this, there is no recognizable pattern. Techniques used ranged from sending permission slips home with students to recruiting by professional researchers who offered incentives for participation. In many instances there was no explanation as to how participants were selected, leading one to believe that the researchers probably used a convenience method of some sort.

Data Collection

Collection Procedure: The three most popular data collection methods used through-

out the time period of the study were observation, personal interviews and questionnaires (read or self-administered). The number of studies using the observation technique rose from the 1970s to the 1980s.

Scales Used: Most of the researchers did not report using scales of any kind to collect the data. About one in four used scales in the 1970s and one in two in the 1980s; and of the four studies considered from the 1990s, one used scales. Likert-type scales and "Smiley Face" scales were the most frequently used throughout all decades. The "YES yes no NO" scale had a brief period of application in the late 1970s, but then was not used in the later two decades of the study.

Analysis Methods

There were 26 different analysis methods used by the researchers whose work was included in the study. They were descriptive (frequency analysis - reported as used in a bit over one half of the projects), associative (chi-square, correlation) and inferential (analysis of variance, t-tests). The use of frequency analysis gained popularity in the 1980s. One could speculate that it was used at least "informally" by all researchers, even if to only obtain a preliminary overview of their findings.

Obviously these counts of analysis methods shares do not tell the complete story. The method of sample selection and data collection with their classifications as probability or nonprobability, and the level of the data collected (nominal, ordinal, interval) affected choice of analysis method(s). Our intent is simply to show the variety and level of analyses used.

DISCUSSION AND IMPLICATIONS

An observation that can be made from the review is that little has been standardized in terms of methodologies used. Further, the number of studies done in this field appears to be growing smaller. For example, during the first half of the 1990s there have only been four studies published in the six journals. Implications concerning the intent of the research, the samples considered, data collection methods, analysis, and recent developments will now be presented.

Intent

The *intent* of the research changed over the three decades. Early on, the cognitive attitude component was given heavy attention, and the trend appeared to be that more research became focused on this aspect of attitude. Research which included more than one component of attitude at a time is missing almost entirely from the 1980s and 1990s. More studies are needed that focus on the linkages among the cognitive, affective and behavioral components in order to fully understand children's attitudes toward commercials and resultant effects. It is also important to better understand the messages being received by these youngsters. Measures of behavioral links to advertising should be pursued. Influence attempts, success rates and actual product selection by parent or child connected to commercial exposure need to be better understood. The *type* of marketing research was divided between the exploratory and causal categories after the 1970s. No descriptive works were found in either the 1980s or the 1990s. This is most likely because companies sponsoring the research were strictly interested in whether children were understanding their commercial messages (cognitive) and whether they would buy or request the advertised product (causal). Descriptive research probably did not fit their idea of "profitable" research to sponsor. In the future, causal research could help clarify the link between why children want the product and how they feel about the commercial in which it is advertised.

The Sample

Sample size varied throughout the decades based on the type of design employed. The proper sample size obviously depends on the nature of the study. For causal studies, generally larger samples would be appropriate since representativeness and generalizability are keys in drawing useful conclusions. Little attention was paid to *gender* differences in the research. Female-only studies were particularly under-represented. Considering that many commercials are intended for a single-gender audience (i.e. Barbie dolls or Tonka trucks), it would seem necessary to concentrate some future activity on single gender. The authors also recommend that researchers include a breakdown of general study results by gender to examine the differences in male and female

reactions to commercials. Considering *age*, researchers targeted younger audiences into the 1980s and 1990s. This has probably been because most of the studies were simply trying to measure advertising awareness or comprehension ("Did the child understand the commercial?" or "Did the child know what the commercial was asking him or her to do?"). As was previously stated, most of the studies were exploratory. This trend will likely continue into the future as scholars are still trying to ascertain whether young children truly understand television commercials, and thus more and more pre-school age children will be included. For comparison purposes, it would be very interesting to see studies which cover a broader range of ages. A shift of focus to teens in high school and then young adults would be helpful to determine the break points in child/youth/adult clarity of understanding, interpretation and acceptance of advertising messages.

Researchers did include different *races* and various *socioeconomic groups* in their studies. However, the study findings were rarely broken down along racial or socioeconomic lines, so it cannot be determined what affect including these groups had on the outcomes. For future research, appropriately representative samples that include various cultural, subcultural, socioeconomic, family orientation and other pertinent populations are called for. The method of *sample draw* was not often discussed in the articles. Often it was not possible to tell whether the sample was pulled using a probability or a nonprobability approach. The task of choosing children for studies of this type would no doubt continue to be difficult. In a number of cases, parental permission was the main obstacle in executing the sample procedure. Thus, convenience samples were often used. While nonprobability samples do not necessarily compromise the research, in the future, as the research becomes less exploratory in nature, probability samples should be used as often as possible to add more weight to the results.

Data Collection

Data collection is really a function of the nature of the research. Therefore, it is hard to make a judgment as to what "ought" to be done in the future. *Observation* is useful when trying to measure whether the commercial message persuades the child to take a desired action. *Personal interviews* seem to be the best

and easiest way to get the most honest information directly from children. Interviewing them will probably be the basis for most data collection in the future. When interviews or observation methods were not used, the *questionnaire*, usually administered in an elementary school setting, was commonly used. The instrument was also on occasion used in conjunction with personal interviews. When trying to quantify results for comparison purposes, the questionnaire is especially crucial because it allows the researchers to use scales. Children appeared to have little trouble with the different Likert-type scales. Probably the best scale is the "Smiley Face" because children immediately understand the different responses (i.e. like it a lot ... like it a little ... neutral ... don't like it a little ... don't like it a lot) based on the graphical representations of smiling or frowning faces. In order to standardize children's responses for large-scale questionnaire comparisons, researchers need to increase their use of scales. Since some children can't read particularly well until the 3rd or 4th grades, "Smiley Faces" would seem to be a good selection in the future.

Analysis Methods

The researchers used a wide variety of analysis methods throughout the time period of the study. Twenty-eight different methods of analysis were found. However, there were only five approaches used with regularity. They were frequency analysis, Chi-square, analysis of variance, correlation, and t-tests. The fact that frequency analysis and Chi-square can be applied to nominal level data ensures their continued use into the future. For repeat tests on the same group of children, correlated t-tests will be used. Analysis of variance, t-tests, and other advanced statistical techniques should be used more often than in the past since future studies will probably be more complex and possibly contain a greater share of more powerful data (higher levels).

Recent Developments

The news headlines of the past year or so indicate that there may be a greater need than ever to study children's attitudes toward television advertising. Mountain Dew recently advertised discounted telephone pagers for kids who drink enough of their soda, prompting outrage among parents. Mylanta has launched a

line of products targeted on children, renewing the debate over how competent they are in understanding health-related information. Best Western promoted its hotels in 1996 with commercials featuring the cartoon hero, Superman. Many of the same problems that exist within TV commercials are beginning to manifest themselves to an even greater extent on the Internet. Some websites require children to fill out detailed questionnaires and surveys before receiving free items or playing on-line games. In 1996 the Center for Media Education requested that the FTC and FCC investigate charges that advertisers were running program-length commercials for products such as Power Rangers when the characters from the show are available in stores as toy action figures. And Channel One, the television news program complete with commercials that drew many consumer and parent protests in the 1980s, is now shown in 40 percent of the schools in the U.S.

Looking at children's television program today leads one to believe that researchers will be facing many of the same issues considered in the past. Thanks to technological advances and computer animation, the commercials of the 1990s are even more "amazing" than they were in the past. And appear to have an increased ability to capture the child audience. Gymnast Barbie dolls appear to dance by themselves, and toy cars don't just go on their own -- they talk and follow your pets around too. Cartoon characters continue to abound in commercials, literally singing the praises of cereals, candy, and fast foods, with little or no attention given to nutritional content. It is again time for consumer behavior scholars to evaluate what is happening, what the impact is, and whether further actions are necessary to find ways to help shield young children from undo commercial influences.

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SOME EFFECTS OF RESPONSE POSITION IN EXAMPLES TO RESPONDENTS

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ABSTRACT

While dilemma of number of scale points and the presence of a neutral point on an item in a questionnaire have long concerned marketing and social researchers, the issue of whether an example to respondents in a questionnaire can bias them has received less attention. This brief research note concerns itself with whether the presence of a neutral point in the example question biases respondents towards that position. Using data taken

from a reasonably large telephone survey for purposes of assessing the extent of supportive norms in dyadic trading relationships, the study considers the effects of presenting respondents with a neutral point example versus an example anchored at the extremes of the scale. The conclusion is that the examples had no biasing effects in the study. Implications are discussed and some opportunities for further research identified.

INTRODUCTION

The question of how many positions there should be on a measurement scale and whether this number should be odd or even has been a source of considerable debate in the social sciences, and particularly in marketing research for many years (cf. Mindak, 1961). Debate on the odd-even controversy, i.e., whether offering a neutral position on a Likert-type scale leads to respondent bias, has been ongoing (Dillon, Madden, and Firtle, 1994; Schuman and Presser, 1981; Moser and Kalton, 1979). Some authors (cf. Luck and Rubin, 1987 p. 160) assert that scales with an odd number of points (i.e., having a middle position), being neutral, may be used by people who really have no opinion, and find it easiest to take that position. They imply that an even-numbered scale in a sense "forces" the respondent to take a stand, which may indeed be desirable for some researchers (although the immediate counter-argument could be that this is biasing the respondent). Other researchers take the view that "respondents are more likely to volunteer a neutral response if the interviewer offers it as an option" (Bagozzi, 1994 p. 122).

Most marketing researchers, in using questionnaires to elicit survey data, employ

examples to explain to the respondent how they should approach answering or responding to a particular type of question. This would generally be true regardless of how the questionnaire is communicated to the respondent - personally, by telephone, by mail, or e-mail. It might be particularly important in the case of the latter two options, where there is no interviewer directly on hand to explain, clarify and answer queries. So for example, in a self-completion type of questionnaire, the questionnaire designer might illustrate a question typical of the type used in the instrument and give the respondent instructions on how to complete it by showing them how the real items in the instrument are to be completed and interpreted. A typical 'example of an example' question and its explanation might look something like this:

Please answer the following questions with reference to your organization, by giving the appropriate point on the scale provided. If you strongly agree with the statement, give 9. If you strongly disagree with the statement, give 1. If your feelings are less strong, give a point in-between. For example, if you strongly believe that in your organization, employees get on well together, you would give the 9 on the scale, as follows:

Example: In our organization employees get on well together



Whether this is a good or bad item, or a suitable example of an example question are not the point here. It is merely an example, such as might be used in countless surveys which are conducted every day by researchers world-wide.

What we are concerned with in this brief paper, is the effect of the position on the scale of the example question response, on subsequent responses to real items. Will the fact that in the example above the response is anchored on 9 = *I strongly agree*, cause respondents to answer at this extreme to the subsequent real items to a disproportionate extent? Or will it, as the researcher would hope, have no effects on real responses? Stated differently, the problem which we attempt to address is this: Does the scale position of the example response on an example item bias respondents?

So for instance, might the example response above have resulted in respondent bias, by inducing them to answer towards the right extreme of the scale. If the example had been on "1" instead of "9", might this have resulted in disproportionate use of that end of the scale by respondents? If the "5", or neutral point had been used as example, might this have motivated respondents to have less strength of opinion? While the literature is replete with discussion on the number of scale items, and the even-oddness debate, our literature searches have not revealed much discussion concerning the possible effects of "example-point-induced" bias. We attempt to shed some light on this question by presenting the results of a study which compared two formats of example reference point formats.

THE STUDY

The study described here formed part of a larger piece of research concerned with the presence of relational norms in dyadic exchange. The industrial setting is the UK Brewing industry. Our intention was to assess the role of relationships between the brewer and the retail outlet.

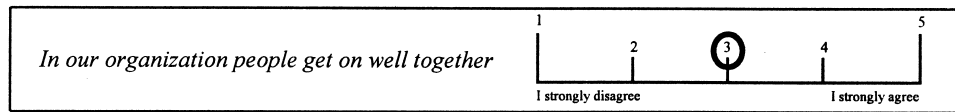
The issue of concern in this paper is whether preliminary explanation and the specific example would lead to bias. The questionnaire used in the study offered a neutral option on a 23-item, 5-point Likert-type scale, anchored on 1 = *I disagree strongly*, through to 5 = *I agree strongly*, and all respondents were interviewed by telephone by the same researcher to ensure consistency of asking, explaining and recording. The single interviewer may have introduced uniform and systematic bias. It was felt that this would be lower and preferable to the divergent bias resulting from many interviewers (Churchill, 1991). Before the interview proper began an explanation was offered to each respondent on how to answer questions. To examine some of the effects of "example bias", two explanations were contrived: the first emphasized that if the respondent were neutral to the issue, that is "neither agree nor disagreed" with the example statement, they would answer '3' (henceforth referred to as the "neutral explanation"); the second emphasized the extremes of the scale "if you strongly disagreed with the statement you would answer '1', and if you strongly agreed, you would answer '5'" (henceforth referred to as the "extremes explanation"). This is illustrated in [Figure 1](#).

502 calls were made to respondents drawn systematically from a trade directory as sampling frame. The total number of responses was 372, or 74%. 249 of these were exposed to the "neutral" explanation, and the remaining 123 to the "extremes" explanation. The difference is accounted for by a higher proportion of the instrument with the "neutral" explanation being used. The characteristics of the two groups were equivalent and given that the survey procedure had not changed there was no predisposition for the respondents to answer in a specific manner. This difference is therefore not expected to have an undue influence on the analysis.

Put simply, if explanation induced a bias, then those receiving the "neutral" explanation should answer in a disproportionately neutral

Neutral Format

"Indicate the extent of your agreement with the following statements by giving me a number from 1 to 5, where 1 means you strongly disagree, and 5 means you strongly agree, There is no right or wrong answer. We are only interested in a number that reflects YOUR views. An example of how to answer the questions and how your responses might be interpreted are as follows:



If you give 3 this would indicate that YOU neither agreed nor disagreed that people in your organization got on well together.

Extremes Format

"Indicate the extent of your agreement with the following statements by giving me a number from 1 to 5, where 1 means you strongly disagree, and 5 means you strongly agree, There is no right or wrong answer. We are only interested in a number that reflects YOUR views. An example of how to answer the questions and how your responses might be interpreted are as follows:



If you give 1 this would indicate that YOU strongly disagreed that people in your organization got on well together, and if you give 5 this would indicate that YOU strongly agreed that people in your organization got on well together.

FIGURE 1
Example Formats

fashion to the 23 items, while those receiving the "extremes" explanation should use extreme responses disproportionately.

DOES PRIOR EXPLANATION EXAMPLE INDUCE BIAS?

To examine whether bias was introduced by the prior explanation the following tests were considered

1. whether there was any significant differences in the percentage of neutral (i.e., "3") responses between the subsets:

null hypothesis $H_{01}: \pi_0 = \pi_1$;
alternative hypothesis $H_{A1}: \pi_0 \neq \pi_1$

2. whether there was any significance difference in the average score of each item, between the two subsets:

null hypothesis $H_{02}: \mu_0 = \mu_1$;
alternative hypothesis $H_{A2}: \mu_0 \neq \mu_1$

3. whether there was any significant difference in variability between the two subsets:

null hypothesis $H_{03}: \sigma_0 = \sigma_1$;
alternative hypothesis $H_{A3}: \sigma_0 \neq \sigma_1$

The results of the test for H_{01} are reported in **Table 1**. This table uses paired T-tests to consider whether there is a difference between the percentage of "3's" who were given a

TABLE 1
Tests on Percentage of 3'S

Items	% of 3's with neutral explanation	% of 3's with extremes explanation	T-values
1	42.6	42.3	0.05
2	45.8 ¹	45.5 ²	-0.05
3	34.9	36.6	-0.32
4	19.3	16.3	0.72
5	35.3 ³	46.3	2.13*
6	32.9	29.3	0.71
7	12.4	13.0	-0.16
8	16.1	18.7	-0.61
9	17.3	12.2	1.34
10	30.5	33.3	0.54
11	30.9	42.3	-2.14*
12	23.9	25.2	-0.31
13	23.7	17.1	1.52
14	18.9	17.1	0.43
15	13.3	12.2	0.30
16	31.7	35.0	-0.63
17	15.7	12.2	0.93
18	32.9	30.1	0.55
19	14.1	10.6	0.99
20	16.1	14.6	0.38
21	8.8	7.3	0.51
22	9.6	10.6	-0.30
23	28.1	22.8	1.12

Note: 1 number of cases 244; 2 number of cases 122;
3 number of cases 246
*significant at the 5% level.

neutral explanation, and the percentage of "3Ös" who were given an extremes explanation. As can be seen from the table, only in two cases (items 5 and 11) were there significant differences in the percentage of neutral response between explanations, at the 5% level. H_{01} is thus accepted - in this particular study, the method of explanation did not affect the neutrality of response, that is, the percentage of "3Ös" answered.

In [Table 2](#), H_{02} and H_{03} are tested using paired T-tests, and Levene's test (F) for difference among means and standards deviations by method of explanation, respectively. Levene's test is an appropriate procedure for examining variability "no matter how unequal

the group sizes" (Rosenthal and Rosnow, 1991 p. 340). The fundamental questions seeking to be answered here are: do the methods of explanation lead to different item means in the instrument, and do they introduce more variability in response? As can be seen from [Table 2](#), only in two cases are there significant differences in the means (items 13 and 17), and only in three cases (items 5, 13 and 17) are there significant differences in the variability. A conclusion is that overall, given the neutral position in the scale, the preliminary explanations have not introduced divergence in responses. H_{02} and H_{03} are therefore accepted. Method of explanation used is therefore unlikely to have introduced any major bias in response in this study.

TABLE 2
Tests on Equality of Means and Variances

Items	Neutral Explanation		Extremes Explanation		T-values	Levene's Test (F)
	Means	Std Deviations	Means	Std Deviations		
1	3.49	.80	3.47	.76	.26	1.08
2	3.04 ¹	.76	2.97 ²	.86	.83	.83
3	3.37	.92	3.28	.91	.88	.25
4	3.69	1.08	3.84	1.08	-1.23	.19
5	3.15 ³	.94	3.11	.84	.51	4.97*
6	3.52	.96	3.70	.97	-1.71	.91
7	4.12	.94	4.33	.88	-2.05*	.89
8	3.92	.88	3.93	.77	-.08	1.11
9	4.03	.92	4.14	.78	-1.10	1.52
10	3.72	.85	3.65	.86	.77	.15
11	3.03	1.10	3.18	1.01	-1.25	1.56
12	3.70	.94	3.78	.91	-.76	1.11
13	3.68	.88	4.09	.76	-4.60*	6.30*
14	3.45	1.20	3.22	1.20	1.74	.09
15	4.48	.78	4.45	.89	.38	1.62
16	3.80	.99	3.65	.98	1.33	.00
17	4.00	1.25	3.59	1.50	2.62*	20.61*
18	3.92	.86	3.85	.83	.66	.76
19	3.94	1.02	3.89	1.04	.40	.01
20	3.09	1.43	3.13	1.56	-.23	3.72**
21	4.22	.78	4.28	.67	-.77	1.39
22	4.16	.83	4.24	.83	-.86	.51
23	3.73	.85	3.90	.94	-1.76	.40

Note: 1 number of cases 244; 2 number of cases 122; 3 number of cases 246
*significant at 5% level; **significant at the 10% level.

CONCLUSIONS

This brief research note has sought to address a generally overlooked issue in attitude research - in what way does an example given on completion of items affect the respondent's answers? It has concentrated on one issue only - the effect of the implied answer point in the example given. The results seem to indicate that the extremeness, or otherwise, of the examples has no effect on respondents. Examples have not introduced divergence in responses and are therefore unlikely to have caused any major bias.

LIMITATIONS OF THE STUDY

When evaluating the results of this study in terms of its objectives, the following limitations apply:

- (a) Obviously, the deduction is only from one study, and the phenomenon would have to be tracked across a number of studies before definitive conclusions can be drawn.
- (b) The nature of the study, and therefore of the items in the instrument, may have a pronounced effect.

- (c) This study utilized telephone surveys, and we have not as yet provided insights into personal, mail and e-mail surveys.

RECOMMENDATION

In this study two example variables were presented: a neutral point, and two extreme points simultaneously. It might be desirable to examine the effects on respondents of three kinds of examples - a neutral point, an extreme low point ("1" on the scale) and an extreme high point ("5" on the scale).

These are all issues which can be relatively easily addressed in surveys by researchers, and hopefully reported on. Nevertheless, we believe that the small study presented here goes some way toward allaying the concerns of researchers concerning the possible introduction of bias by examples in survey questionnaires.

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INTEGRATED MARKETING: HOW TO MANAGE BRAND RELATIONSHIPS

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ABSTRACT

Most companies agree building brand relationships is a good idea but few do it because they don't know how. As explained in *Driving Brand Value*, integrated marketing (IM) is an effective way to create, retain, and grow profitable brand relationships (Duncan and Moriarty, 1997). This is because integrated marketing is a cross-functional process for bringing people and corporate learning together in order to maintain strategic consistency in brand communications, facilitate purposeful dialogue, and market a corporate mission that increases brand trust. There are three basic dimensions to IM: corporate focus, organizational infrastructure, and the integration processes.

Rather than just a marketing focus and priority, relationship building must be a corporate focus. This is because an increasing variety of people within an organization "touch" the customer and can strengthen or weaken a relationship. Also, the corporate focus must be on stakeholders rather than just customers. This is because stakeholders often overlap (e.g., customers can also be shareholders, employees, voters within a community, etc.) and because stakeholders other than customers can significantly affect sales and profits.

The second dimension, organizational infrastructure, requires cross-functional planning and monitoring; creating core competencies in those responsible for managing IM programs; and setting up and using integrated databases to

insure universal customer information, a learning organization, and the ability to mass customize brand messages. Finally, for those companies using outside agencies, it requires using a communication management agency which will be the full service agency in the 21st century. This type of agency will specialize in strategic communication planning and relationship building. It will generally have expertise in one area of marketing communication execution and then have strategic alliances with other specialized communication agencies.

The process dimension includes strategic processes for creating the most effective mix of mass, interactive and addressable media; being strategically consistent in purposeful and cost effective dialogue with customers and other stakeholders, marketing the company's mission (if a company doesn't have a mission it must get one); and using prioritized SWOT (e.g., strengths, weaknesses, opportunities, and threats) findings to do zero-based planning, and resource allocation. Zero-based communication planning assumes that everything a company does (and sometimes doesn't do) can send a brand message.

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SALES TERRITORY OPTIMIZATION: A COMPARISON OF SIMULATED ANNEALING AND LOCAL STEEPEST ASCENT

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ABSTRACT

This paper considers the problem of designing sales territories for an organization which wishes to deploy a sales force over a large geographical area. In designing territories, organizations seek certain territorial characteristics: The territories are easy to administer; their sales potential is easy to estimate; they reduce total travel time; and they provide a sufficient and equitable workload and sales potential for each sales representative. These characteristics are achieved through deciding on territory size and shape.

The geographical area is represented as a number of small sales coverage units (STU's) and that, for each unit, relevant statistical or factual information is available. It is assumed that the required properties of the territory design are:

- **contiguity:** the SCU's in a territory form a connected cohesive block;
- **equity of workload:** each territory has equal sales workload;
- **equality of sales potential:** each territory has equal sales potential.

The problem of dividing the region into territories is seen as assigning each SCU to a single territory in such a way that, firstly, the constraints of contiguity, equal workload, equal sales potential are satisfied and, secondly, that

the profit of the organization is maximized. The model used is presented in Hurley, Moutinho and Stephens 1995.

The algorithms used to solve the sales territory optimization problem are simulated annealing (Kirkpatrick, Gelatt and Vecchi 1983) and standard local steepest ascent (hill-climbing). Both algorithms were tested on several simulated problems of different sizes (ranging from 36 SCU's up to 400 SCU's). In all examples simulated annealing outperformed local steepest ascent; the larger the problem the larger the improvement in estimated profit and equality of workload and potential.

Additional work needs to be done to test the algorithm on data that encapsulates real sales territory scenarios. However, simulated annealing gives promising results on simulated data and this suggests that it may have a contribution to make for real scenarios.

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AGENTS OF EXCHANGE: THE EMERGENCE OF CONSUMER DECISION SUPPORT SYSTEMS (CDSS) IN AN ELECTRONIC MARKETPLACE

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ABSTRACT

This paper examines the marketing implications of an emerging electronic marketplace, with particular emphasis on the increasingly complex and time constrained end-consumer node. Propositions are advanced towards a

new paradigm for conceptualizing emerging transactional technology interfaces, defined here as consumer decision support systems and intelligent shopping agents, which optimize consumers' cyberspace exchanges.

INTRODUCTION

This paper examines the impact of electronic marketplace technology trends upon an increasingly time-poor and information-saturated end-consumer market in the United States. Specifically, the paper extends the decision support systems (DSS) literature beyond the organizational boundaries of marketing decision support systems (MDSS) to advance initial propositions towards a paradigm that depicts CDSS as "intelligent" multi-dimensional technologies designed to improve the extrinsic benefits derived from electronic market transactions by embodying the intrinsic elements of consumer motivation.

THE INCIPIENT ELECTRONIC MARKETPLACE

An electronic metamorphosis is occurring in the American marketplace. Traditional market infrastructure and institutions are being augmented and replaced by electronic technology systems [Tapscott 1995]. End consumers increasingly interact with electronic technology and content, instead of the traditional retail outlets and human salespeople that have characterized the marketplace in the past [Hoffman and Novak 1996; Flynn 1996; Malone and Rockart 1991]. This new realm is called the "cybermarket" [Keeler 1995], "electronic market" [Benjamin and Wigand 1995], and "marketspace" [Rayport and Sviokla 1994].

DECISION SUPPORT SYSTEMS IN THE ELECTRONIC MARKETPLACE

Of the many technologies linked to the electronic marketplace infrastructure, none is more pivotal than decision support systems (DSS) [Little 1979]. Marketplace participants are fed a continuous stream of electronic content, and are required to respond by making choices in order to solve their problems. The application of problem solving theory to human decision making [Andriole 1983; Simon 1960] spawned decision support systems (DSS) [Gorry and Scott-Morton 1971; Scott-Morton 1971] with vast technological and informational capability. Later, decision support systems (DSS) were applied to the specific problems confronting marketing managers [Little 1979]. These marketing decision support systems (MDSS) help to frame and formulate responses to market information.

As the electronic enterprise extends into the consumer domain [Tapscott 1995; Koelsch 1995], new decision support system (DSS) applications are evolving. Facing a deadening volume of information [Schneider 1990; Porat and Rubin 1977; Miller 1960], from diverse media [Neuman and Pool 1986], consumers themselves will increasingly require decision support systems [Dyer 1989; Ray 1985] to augment their limited time, economic resources, and cognitive capacity [Engel, et al. 1995] for conducting marketplace transactions.

TRANSACTIONAL TECHNOLOGY -- A CDSS ECOLOGY

Broadly speaking, consumer decision support systems (CDSS) will take the form of marketplace transaction technologies. Transactional technologies are decentralized interactive electronic media that replace or augment traditional marketplace intermediaries. They form the nexus of an electronic marketplace because transactions consummate the exchange of resources [McInnes 1964] and value [Kotler 1972]. Transactional technologies constitute an "electronic ecology" of "technology species." The six environments of this "ecological" construct are each based on a particular sphere of human activity:

- (a) *Marketplace technology* - electronic networks/infrastructure
- (b) *Mobile/detached technology* - portable, wireless devices
- (c) *Vehicle/transport technology* - electronic vehicular apparatus/accessories
- (d) *Home technology* - stationary electronic systems and terminals
- (e) *External body technology* - anatomical electronic accessories and apparel
- (f) *Internal body technology* - interactive electronic implants.

AGENTS OF EXCHANGE -- TOWARDS INTELLIGENT CONSUMER INTERFACES

The specific class of transactional technology examined here is the "intelligent shopping agent." "Shopping agents" bridge the diverse electronic media and messages to navigate consumers through the uncertainty of "cyberspace" [Bollier 1993]. Unlike previous DSS applications that primarily model the explicit decision environment, these "*intelligent shopping agents*" also encode the user's inherent "thought and character" [Laurel 1990].

As consumer-oriented technologies, "shopping agents" help consumers conduct market transactions. Consumer behavior theorists [Howard and Sheth 1969; Engel, et al. 1968] use five phases to chart the market transaction, or "consumer/purchase decision process":

- (a) *Problem Recognition* -- marketing stimuli exposure, attention, perception
- (b) *Information Search* - internal memory and external knowledge inquiry
- (c) *Evaluation of Alternatives* - assessment of transaction options
- (d) *Purchase Decision* - selecting one or more transaction options
- (e) *Outcomes* - post-purchase assessments of marketplace transaction.

To be effective "shopping agents" must perform that market transaction process in a manner that consumers regard as beneficial, when compared to present shopping practices. In his analysis of electronic technology used by consumers, Dyer [1989] presents three methods for achieving those benefits;

"There are three major ways in which emerging technology can be used by consumers: (1) to aid in making complex consumer choice decisions, (2) to assist with search and shopping efforts, and (3) to help in performing household management tasks" [Dyer 1989].

The prognosis for emerging consumer decision support system (CDSS) technology concurs with Dyer's [1989] analysis. Intelligent shopping agents add value because of the increased value placed on convenience and customization [Peppers and Rogers 1995]. **Table 1** shows how the "shopping agent" functions correspond to each consumer decision process phase.

FRIEND OR FOE: CRITICISMS OF ELECTRONIC SHOPPING AND ITS AGENTS

Despite the promising reports on shopping in cyberspace [Business Week 1994], the vast majority of end-consumers continue to balk at electronic shopping media.

"Anyone who tells you that interactive retailing is taking over has jumped the gun. Estimates are that electronic shopping now accounts for less than one-half of one percent of retail sales

TABLE 1

Consumer Decision Processes	Shopping Agent Function
<ul style="list-style-type: none"> • Problem/Need Recognition • Information Search • Pre-Purchase Alternative Evaluation • Purchase • Consumption • Post-Purchase Considerations 	<ul style="list-style-type: none"> • <i>Specify</i> transaction occasion • <i>Scout</i> transaction knowledge • <i>Screen</i> transaction options • <i>Select</i> transaction preference • <i>Synthesize</i> transaction output • <i>Score</i> transactional party

and that in ten years it will make up 5 to 25 percent of the total" [Flynn 1996].

In addition, the much touted "intelligence" attributed to electronic shopping interfaces has been met with skepticism. Their mundane, mechanistic, unreliable, and often lethargic performance [Mossberg 1996; Snider and Maney 1996; Martin 1996; Rigdon 1996; Ziegler 1996; Chao 1995] bears little resemblance to the theorized benefits of "shopping agents." Electronic merchant web sites typically offer a limited selection of offerings presented in uninviting catalog-like lists [Darling 1996]. These criticisms of electronic shopping, combined with issues such as "spam" (i.e., electronic junk-mail) [Bredenberg 1996] and information privacy [Bloom, Adler, and Milne 1994] have led several observers to doubt whether consumers are really interested in electronic shopping [Settles 1996; Darling 1996; Kaatz 1995; Mitchell 1994; Salmon 1985], with or without "intelligent agents."

Moreover, a number of marketing scholars view shopping as an essentially interpersonal activity that relies heavily on the properties of human interaction [Darden and Babin 1994] and physical-space [Bloch, Ridgeway, and Dawson 1994; Bitner 1992] to render a satisfying experience. Presently, electronic shopping experiences fail to satisfy the human social motives that drive traditional shopping activity [Tauber 1972].

BRIDGING THE CHASM -- THE EMERGING NEED FOR ELECTRONIC COMPANIONS

Just as cyberspace enthusiast exaggerate the feasibility of electronic media like "intelligent shopping agents," entrenched traditional marketplace advocates underestimate the potential for technology that consumers can

befriend. Within certain consumer segments, the social experience derived from shopping is increasingly taking place in electronically mediated environments [Schuler 1996; Turkle 1995].

However, the emerging electronic media do not purport to simulate the physical-space shopping experience. Rather, these new interactive technologies engage consumers based upon the advantages they provide in an abstract information-intensive digital realm [Negroponte 1995] that is rapidly becoming a social and economic necessity [Tapscott 1995; Gates 1995; Koelsch 1995] -- but still remains largely foreign. Intelligent shopping agents act as the consumer's shopping ambassador, performing shuttle diplomacy between the strange symbolic domain of cyberspace and the familiar but increasingly time-starved and obsolete traditional physical-space environment.

TOWARDS A NEW VISION OF INTELLIGENT SHOPPING AGENTS

Recent attempts to frame the parameters that define marketing activities in cyberspace [Spalter 1996; Fishburne and Montgomery 1996; Deighton 1996; Hoffman and Novak 1996; Kaatz 1995] highlight the need to reconceptualize the consumer node in an electronically mediated environment. "Intelligent shopping agents" are posited as media that electronically abstract or extend [McLuhan 1964] consumer intentions into the marketplace.

"The invention of electronic agents will allow people to abstract their commercial desires from their physical selves--to create representatives of themselves--that go off and do useful things for them in the marketplace, buying and selling goods and services." [Porat quoted in Kline 1995, p. 108]

"Shopping agents" better enable electronic markets to "transact and transvect" value [Alderson and Martin 1965] for both consumers and marketers. Accordingly, the author advances propositions towards a paradigm of intelligent shopping agents that enables marketing scholars and practitioners to view the consumer node anew. These initial propositions account for the rational problem solving capacity [Newell and Simon 1972] of the "shopping agent" *medium*, as well as its emotional [Goleman 1995] and aesthetic [Gardner 1983; 1982] *modes*. Additionally, the psycho-cultural content of the consumer's human character [Falk 1994; Douglas and Isherwood 1979; Hall 1959] is posited as the central parameter -- a personified inner *message* to which market transactions respond.

The propositions are customer oriented [McKitterick 1957] in the most basic sense because they link the knowledge utility of

"shopping agents" to material socio-economic *motives* [Maslow 1954]. Agents that inform the mind must also perform for the body. A "transactional field" is proffered as a mechanism by which an agent provides *meaning* for both marketers and consumers. It aids electronic marketplace providers because it specifies the informational cues/codes that are most likely to evoke *situational, personal, and product* involvement [Mitchell 1979]. Consumers would rely on their shopping agent's transactional field to filter electronic marketplace content based on their particular *aesthetic, psycho-cultural, and rational* profile. In addition, the transactional field enables consumers to translate their material motives into those same three symbolic similitudes. The resulting four pronged "Psi Paradigm" -- resembling the Greek letter in both sign and spirit -- maps the anatomy of these agents of consumer exchange (Figure 1).

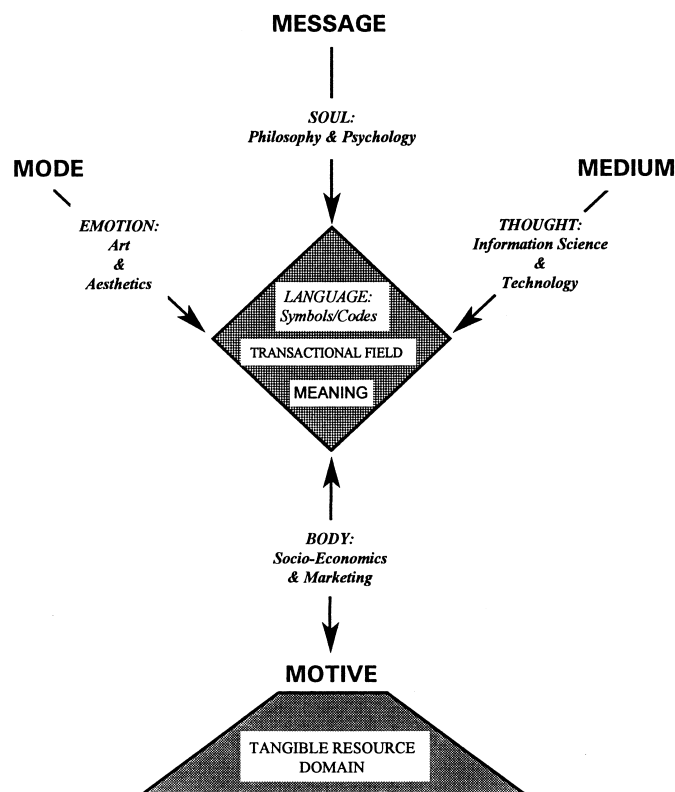


FIGURE 1
THE PSI PARADIGM OF "INTELLIGENT SHOPPING AGENTS"

SUMMARY

The rapid evolution of an electronic marketplace has exacerbated the cognitive processing requirements associated with increased consumer choice. This prevailing trend is made even more problematic by the consumer's reduced discretionary time, and networked access to marketing information from around the world. Acknowledging its existing limitations, the author has argued that the decision support systems (DSS) technology that was originally conceived as a computer-based tool for managers can also help consumers navigate the abstract, information-intensive, and often complex domain of cyberspace.

A broad class of marketplace transaction technologies were introduced to establish the context within which a diverse set of consumer decision support systems (CDSS) are beginning to emerge. However, because consumer transactions are characterized by both intrinsic and extrinsic motivations, consumer decision support systems (CDSS) must represent the internal thought and character of its users -- as well as the full range of externally-based market information and offerings. These enhanced CDSS, or "intelligent shopping agents," augment and extend the consumers cognitive decision process into the information-intensive electronic marketplace. By automating and animating the purchase decision process, they provide consumers with convenient and convivial transaction media.

Finally, a new paradigm was advanced to help marketers chart the parameters of the consumer node in an electronically mediated environment. This Psi Paradigm models three determinants of consumer involvement (psyche, thought, emotion) the symbolic field where electronic transactions occur, and the primary motivational goal sought by consumers (i.e., socio-economic empowerment). It is, therefore, a comprehensive planning framework for virtual marketers seeking one-to-one relationships with consumers through their electronic companions.

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EXPANDING THE RETAIL MARKETPLACE: UNDERSTANDING THE INTERNET SHOPPER

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ABSTRACT

Exploration of the characteristics and consumer behaviors of Internet shoppers represents an important starting point for advancing our knowledge of the proper place for these shoppers in current shopper classification

schemes. The research agenda proposed here seeks to explore such issues, offering exploratory results regarding shoppers' thoughts on Internet shopping.

INTRODUCTION

Electronic commerce has moved from the realm of futuristic speculation into a rapidly evolving reality. Most notable is the expansion of the Internet from exclusively government and academic applications to accommodate a variety of marketing activities including advertising and retailing. Changes in the access to and use of personal computers to "surf the net" through such mechanisms as the World Wide Web (WWW) present a challenge for marketers, as well as a new category of shopping alternatives for consumers.

From both practical and academic standpoints, more questions about this new form of marketing exist than answers, particularly in terms of understanding Internet shoppers as compared with more traditional at-home shoppers, such as catalog shoppers. For instance, while both catalog and Internet shoppers are operating outside the traditional boundaries of the retail store, comparisons on more specific issues such as shopping motivations, involvement and purchasing styles have not been explored. Retailers considering a move to cyberspace need more information in order to develop the most beneficial Internet strategies. In the following pages, we seek to address this gap in the retail shopping literature. Specifically, we develop a foundation for comparison of Internet shoppers and catalog shoppers in terms of relevant shopping behaviors, followed by the development of a series of future research propositions based on exploratory discussions with consumers.

Today, the retail alternative choice process is further complicated by the technological advances of the last two decades that have resulted in a new category of at-home shopping: *electronic shopping*. Electronic or interactive shopping is a means whereby consumers can purchase both goods and/or services through a modem-equipped personal computer. Prices of personal computers have declined as processing power, memory, and storage capabilities have increased, making them appeal to an increasingly broad audience.

Despite the substantial number of popular and business media pieces directed at the growth and popularity of Internet shopping, little is conclusively known about the Internet shopper and how s/he differs from shoppers who primarily utilize other forms of at-home shopping. By most accounts, Internet shoppers represent a compelling market with potential for growth and development as part of the retail landscape of the next century.

Consequently, the fundamental purpose of the present research is to further our understanding of Internet shoppers, particularly in terms of similarities and differences between this new type of shopper and the more traditional at-home catalog shopper. First, we review the current state of knowledge regarding at-home shoppers. Next, initial results from an exploratory study into consumers' opinions regarding the Internet as an alternative shopping format are detailed. Finally, a future research agenda is developed around a series of propositions drawn from the exploratory study.

AT-HOME SHOPPERS: BEHAVIORS AND CHARACTERISTICS

Many authors have contributed to the non-store shopping information base by exploring consumers' nonstore shopping behaviors (c.f. Gehrt 1989; Gehrt and Carter 1992; James and Cunningham 1987; Seitz 1987; Shim and Mahoney 1991; 1992). Based on this body of research, several tentative conclusions regarding consumers who purchase from non-store retail outlets can be tendered: (1) Non-store shoppers are more interested in convenience than traditional store shoppers (Korgaonkar 1984; James and Cunningham 1987); (2) Frequent catalog users tend to be more interested in shopping and more fashion-conscious than infrequent catalog shoppers (Shim and Mahoney 1992); (3) Catalog shoppers tend to be less price sensitive and more likely to be credit users than infrequent catalog shoppers (Shim and Mahoney 1992) and (4) Women who work outside the home are more likely to be catalog shoppers than nonworking women (Gehrt, Ingram and Howe 1988).

As described earlier, electronic or interactive shopping is defined as a means whereby consumers can purchase both goods and/or services through a modem-equipped personal computer. As acceptance of this technology has increased, consumers can now select from a variety of services such as information retrieval, message exchange services, and transaction services (Shim and Mahoney 1991). The number of consumers who have access to electronic forms of shopping, particularly the Internet, has recently been cited as 30 million global consumers. However, this statistic is skewed by the historic and still primary focus of the Internet: academic users in institutional environments. The number of casual Internet users is more likely five million, but growing fast. Internet users are predominately male with higher levels of income and education than the general population (Arlen 1995).

A recent study explored the characteristics of interactive users who utilize shopping services (Shim and Mahoney 1991). These authors found consumers who were buyers of high-technology equipment and interested in owning the newest electronic devices to be most at-ease in utilizing interactive shopping

services. Nonusers perceived the electronic shopping to be too complex. In addition, the authors observed interactive shopping users to be recreational shoppers who were less concerned with convenience and time. They described users as shopping for fun and entertainment rather than to save time. Finally, interactive shoppers also were more prone to shop at home via other modes and believed that local stores did not meet their needs (Shim and Mahoney 1991).

The studies described in the preceding sections offer important initial evidence about the Internet shopper. However, much work remains to be done in understanding the Internet shopper and expanding current shopper typologies to include these individuals. In the following sections, we describe an exploratory study conducted to gather initial qualitative insights comparing consumer reactions to shopping on the Internet with shopping via catalogs. These insights then serve as a foundation for the propositions advanced in the following sections.

DEVELOPMENT OF THE RESEARCH AGENDA: AN EXPLORATORY STUDY

As a first step in our development of a research agenda for exploring the proper place for Internet shoppers in current retail categories, an exploratory study was conducted to gather consumer insights on two specific home shopping formats, specifically: Internet shopping and catalog shopping. These insights were compiled to serve as a guide for construction and refinement of research propositions, as well as to enhance our current understanding of the similarities and differences between Internet and catalog shopping from the consumers' perspective.

As part of a class project, 50 upper-level students at a Midwestern state university were asked to conduct individual interviews with four people apiece regarding their Internet and catalog shopping behaviors. Following introductory comments from the interviewer about the nature and purpose of the study, respondents were asked to respond to a series of open-ended questions developed around the concepts of home shopping through catalog and Internet methods. A total of 200 interview protocols were gathered and subsequently summarized to identify response patterns and

major emergent themes. Excerpts from these protocols are included in the following sections as a means of illustrating each of the three research propositions indicated by the exploratory study.

Despite increasing interest in and calls for attention to Internet shoppers in the recent literature, limited empirical research has been conducted to place electronic consumers within traditional frameworks to date (c.f. Hoffman and Novak 1996; Mehta and Sivadas 1995; Shim and Mahoney 1991). One important area of consideration is the amount of involvement, or planning, given to the shopping experience. Since electronic shopping today requires much sophistication regarding computer use and the ability to navigate the vast opportunities on the Internet, it is proposed that purchases are more likely to originate from a planned mode, referred to as goal-directed by Hoffman and Novak (1996). Thus, using interactive or electronic shopping modes, consumers are more likely to "shop" when they have a specific need for a product or service. Alternatively, catalogs provide an entertainment value to many consumers very similar to the entertainment provided by magazines. In addition, catalogs can be "used" in a variety of settings and are more portable than an individual's computer. It is therefore plausible that consumers will be more likely to browse through catalogs as they arrive through the mail and may then "spot" an item or service that they purchase in an unplanned fashion. The following interview protocols support these contentions. Jack, a 42-year-old owner of a restaurant rarely shops using the Internet because of the amount of time it takes to find something. He prefers to browse through catalogs and if he sees something he likes, he might look up the address on the Internet. Fiona, a twenty-one-year-old college student echoes Jack's sentiment. She states "A major disadvantage I found was that it took far too long to get into the area you wanted. For instance when I was in L.L. Bean's catalog, it took me over five screens before I could see the product I was interested in. Therefore, we suggest:

P₁: Consumers who shop via catalogs are likely to make more unplanned purchases than consumers who purchase products electronically.

It is further expected that consumers who utilize catalogs are more likely recreational shoppers and enjoy browsing catalogs for items of interest and to stay abreast of current trends or new products. Although electronic shoppers have been reported to be recreational shoppers who seek fun and entertainment (Shim and Mahoney 1991), we believe this recreational drive is fulfilled primarily by using the computer -- not the shopping aspect per se. However, for consumers who enjoy catalog shopping, pleasure and entertainment value are derived from the catalog itself. As the interview protocols suggest:

Heather reported that experimenting with the Internet can take a lot of time. But, she did find the process to be somewhat addicting. Kristin echoes this sentiment by stating "Learning to navigate the Internet and its endless mazes of sites has been almost addicting." Aimee found the Internet shopping experience to be "not that fun . . . and that cyber-shopping is rather lonely." However, Diane believes Internet shopping takes too long and ". . . by this time, I could have already flipped through a catalog and been done."

One reason Internet catalogs may not be as involving nor interesting lies in poor picture quality and the seemingly endless routing through screens of products item by item. Diane says of Internet catalogs "The pictures of these items were not clear at all. It was also hard to get a close look at the fine detail." Terry, felt similarly until she came across the J. Peterman Co. fall catalog. She reports

"Most of the catalog type shopping experiences that were available were very vague. In general they showed very few pictures and only had one or two items available. However, the J. Peterman catalog doesn't contain photographs, but instead flats are sketched on the computer. Flats are very descriptive sketches that are three dimensional, but don't show a body in the background. When you find an item that you like, you just click on the flat. You then see a bigger sketch on the screen and several paragraphs of information on the garment. If on-line catalogs were easier to find and professional as the J. Peterman catalog, then I would consider doing some of my actual shopping on the Internet." Therefore, we suggest:

P₂: Consumers who shop via catalogs are more likely to be recreational shoppers than consumers who purchase products electronically.

The substantial body of motivation research conducted in a retail patronage context suggests that a variety of "motives" are propelling and stimulating consumers in their choices between various retail outlets (e.g. Attaway 1989; Attaway and Singley 1995; Stone 1954; Westbrook and Black 1985). Research findings indicate consumers who exhibit high levels of functional motives interacted with retailers less frequently than shoppers with symbolic and/or experiential motives. Individuals who were motivated to shop for symbolic and/or experiential motives also spent a greater percent of shopping visits engaging in browsing activities. Additionally, individuals who scored high in symbolic and experiential motives demonstrated higher levels of knowledge and enduring involvement than individuals who possessed lower levels of symbolic and experiential motives (Attaway and Singley 1995).

Since we believe consumers who utilize electronic modes are more likely engaging in planned purchase activities, we propose these individuals will be motivated by functional needs rather than symbolic or experiential needs. Thus, electronic shopping-prone consumers will tend to engage in interactions with retailers in order to solve consumption-related problems. Therefore, we propose:

P₃: Consumers who shop electronically are more likely to exhibit high levels of functional needs compared to individuals who predominately shop via catalogs.

CONCLUSION AND IMPLICATIONS

As retailers continue to find ways to stay ahead of the competition and generate market share, many will be lured to the Internet which boasts less expensive promotional avenues, targeted marketing, and a global marketplace. However, like any other new venture, the cyberspace road may be lined with land mines if a marketer is not knowledgeable about the marketplace and consumer's attitudes and preferences. The research agenda proposed here can provide invaluable information for the

catalog company who is considering offering its line of products and/or services electronically.

Specifically, we suggest the following areas for further conceptual development and subsequent empirical work: (1) efforts to determine whether electronic shoppers represent a previously untapped market for nonstore retailers, or whether these shoppers are simply adapting their shopping behavior to a new mode; (2) examination of the extent to which each shopping mode represents prior planning or involvement with the shopping experience itself; and (3) finally, comparison of differences in shopping motivations and levels of product involvement between catalog and Internet shoppers.

Exploratory consumer comments detailed above indicate tentative evidence to support the notion that Internet shoppers engage in more consciously planned and directed shopping activities than catalog shoppers and that catalog shopping is viewed as more recreational and experiential than Internet shopping. The next important step in this area of inquiry is the development of empirical studies to further corroborate or refute these notions. By comparing the shopping process and consumer characteristics of catalog and Internet shoppers, information will be provided which should aid companies considering marketing via the Internet in understanding the motives and preferences of individuals who engage in this form of shopping behavior.

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AN EXAMINATION OF THE INTERNET NEWSGROUPS AS A SUBCULTURE OF CONSUMPTION: IMPLICATIONS FOR MARKETERS

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ABSTRACT

The Usenet newsgroups on the Internet are examined as a subculture of consumption. Specifically the Internet erotic newsgroups were studied in terms of methods of symbolic

communication, social hierarchy, and group roles. Implications are discussed including the need for marketers to understand the impact of communications on the Internet.

INTRODUCTION

Culture is the basis for determining what is acceptable behavior within a group and is generally viewed as an underlying determinant of consumer behavior. This phenomenon appears to be a persuasive influence even for subcultures within a larger culture whole and has been examined in various contexts including river rafting (Arnould and Price 1993), Skydiving (Celsi, Rose, and Leigh 1993) and the phenomenon of the biker mystique in conjunction with Harley Davidson motorcycles (Schouten and McAlexander 1995). Cultural acceptance, therefore, is important to any who attempt to publish persuasive communication into such a group. As such, how a community will react to communication directed toward it becomes of paramount interest to marketers and marketing researchers alike. The central argument of this paper is that the patterns of behavior found in communications on the Internet do constitute a subcultural phenomenon. Their behavior, therefore, is important, both for marketers attempting to reach subcultural members and researchers attempting to understand them. Early users of the Internet were primarily academic and military and they valued the uninhibited commercial free nature of Internet communications (Krol 1993). Indeed, this appears to be true even after the rapid expansion of Internet usage in society at large, Internet users, therefore are a select group for at least 2 reasons: (1) their education level is somewhat higher than the population at large, and (2) their income is higher as well (Commerce Net 1996). Clearly marketers have made some mistakes in their attempts to communicate with Internet users. Examples include

Sanford Wallace's Junk e-mail solicitations for business opportunities and diet supplements (Sanchez-Klein 1996), and two Phoenix based immigration lawyers who posted information about their services to thousands of Usenet newsgroups in April 1994 (Wilder 1996).

One of the more controversial subjects in the media today is the proliferation of sexually related material available on the Internet. This is so for several reasons; most notably that this still unregulated media reaches minors. However, even if the question of communicating with minors were resolved there still exists a climate of fear of censorship and regulation with regard to all Internet communications. This is in keeping with past studies of media clearance practices and self-regulation where industries, expecting government regulation, will attempt self-regulation of members to preserve their freedom (Rotfeld 1992, p.90). Attempts at self-regulation are already being found in these newsgroups. Because the threat of censorship and regulation tends to build solidarity among Internet users, groups most likely to exhibit signs of community and culture are those most threatened. It is for this reason that this paper examines the postings of the erotic image Usenet newsgroups that have received extensive media attention.

Traditionally questions of obscenity have relied on community reaction as the gauge of appropriate behavior (Snyder, 1987). The question arises as to what are the standards of community for members of these Internet groups? Long standing measures of community membership such as geographical location do not apply to technologically based communities.

By examining the Internet as a distinct sub-cultural component of society, the basis for community becomes more important, as well as more difficult to define.

The purpose of this paper, therefore, is to explore the Internet newsgroups as a distinct subculture of consumption. Since there is no real precedent for examining a "cyber community," parallels to existing community and social structures need to be examined. One possible framework is that offered by Schouten and McAlexander (1995 p.43) who define a subculture of consumption as, "... a distinctive subgroup of society that self-selects on the basis of a shared commitment to a particular product class, brand, or consumption activity." Other characteristics of a subculture of consumption include unique jargons, rituals and modes of symbolic expression; an identifiable hierarchical social structure, and a unique ethos, or set of shared beliefs and values. If this phenomenon exhibits the characteristics of a subculture of consumption then researchers and advertisers alike will need to develop new strategies for investigating and influencing this and similar "cyber communities." Therefore the Usenet newsgroups were studied to find if the characteristics outlined by Schouten and McAlexander were in evidence.

METHOD

The newsgroups studied for this project include Alt.binaries.erotica, Alt.binaries.tasteless, Alt.binaries.girlfriends and Alt.binaries.celebrities. The Usenet newsgroups are unique in the fact that they are not simple two-way communication, instead, logging onto a newsgroup is much like engaging in a flea market or swap meet. Individuals log on in order to swap information, stories and, in the case of these newsgroups, erotic pictures. These erotic image newsgroups revolve around the electronic distribution of erotic image material. The members swap pictures and discuss issues pertaining to them. Members post material to a server that in turn makes the material available to other members of the group. When one logs on to a server a list of groups is presented on screen. Each posting can be viewed directly or downloaded to the member's personal computer. Traditionally in the image groups downloading pictures is mandatory because all pictures have been

encoded into text files before being posted. This process dates back to the time when the first computer standard to be adopted was ASCII text. This meant that most computers could communicate on this basic level since they subscribed to this "code." Soon methods of encoding image and other types of files into text were developed in order to take advantage of this standard of communication. Once received these text files are translated back into their original format by using a small utility decoder program. Newer technologies have made this process more transparent. Most web browsers will now view and translate newsgroup image files.

Study Design

The process of inquiry into the nature of the social structure of the Internet newsgroups is an emergent design through the reiteration of several steps (Miles and Huberman 1994). The first step in the research process was to analyze and categorize the images in the group. Image posts were categorized with respect to poster, sexual content (type of sexual activity exhibited) and model type (gender, hair color, eye color for each model exhibited). The examination of the images in this group was used as a base of reference from which to analyze text posts. By immersing in the "atmosphere" of the group the researcher could garner a better understanding of the text posts as well as the culture of the group. The second step was to examine the text postings. Text posts were categorized with respect to subject content, recipient of commentary, poster and symbolic communication practices. The third step was to integrate the new information with the findings already delineated from previous iterations and comparison to the framework by Schouten and McAlexander. This integration step served to both direct the process as well as highlight new elements of the phenomena. Posts were downloaded in bulk every two to three weeks and analyzed, categorized and integrated between downloads. This three step process was repeated over a three month period. This time frame was chosen because the postings on the newsgroups are removed every two to three weeks. What emerged was a continually renewing environment. Each iteration had a new set of postings from which information was drawn.

FINDINGS

After a three month period of observation, categorization and integration a picture of the dynamics and structure of this subculture emerged complete with barriers to entry, a social hierarchy, member roles, symbolic expression and a strong set of core values and ethos.

Barriers to Entry

There appears to be two barriers to entry within the newsgroups: expertise and equipment. The Usenet newsgroups traditionally have required a protracted investment in time, money and energy in order to become a fully active member. The purpose of these newsgroups is the sharing of sexually explicit images, however, one must locate and acquire several special computer programs in order to participate fully in the group. The first program required is a news reader that allows an individual to access the newsgroups and view its contents. This program, however will not allow an individual to view images, it will only allow them to view text and download text based posts. Once one has mastered the news reader one then needs a decoder program. A decoder program takes an image file that has been downloaded from a newsgroup and converts it back into its original file format. Finally one needs an image viewing program. This is a small utility program that will view several different image formats since the newsgroups transmit files in various formats and coding structures. This necessitates that one own several different programs to be able to complete the "locate," "download," "decode," and "view" sequence. Traditionally many of the programs used were not commercially available. Many of these programs are shareware and freeware that have been developed by amateur enthusiasts. However to obtain the programs necessary one must already own much of the software that is needed. For example decoder programs can be downloaded electronically but one must have a decoder program in order to translate the program back into a usable form. In many ways it is a "catch 22" that is difficult to overcome. In response to this situation, information is given freely on where to obtain these programs, what the strengths and weaknesses of each are as well as on what systems they can be run. The latest browsers from Netscape and Microsoft, however do have

many of these capabilities built in that make the download and view sequence more transparent. The lessening of knowledge necessary to participate in the group will most likely affect the apparent cohesiveness of the group. The effects of this new level of access will need to be examined in future studies.

In order to become a member of a newsgroup one must have access to a computer with a method of communicating with other computers. Since the newsgroups traffic in text files only, the basic hardware needs are modest. Any computer with just about any kind of modem is adequate. However, if one wants to become a more active member then the hardware requirements rapidly become expensive. In order to post images to this newsgroup one must have a method of getting images into the computer. This requires a method of digitally capturing images (scanner, digital camera or a video capture card) or access to the files commercially, such as purchasing a collection on cd-rom . Once the hardware is in place one must learn the intricacies of an image manipulation program in order to make best reproduction of the scanned or captured image. After that, posting is a matter of coding the image into a text based file and sending it to the group. These barriers to entry appear to influence the social hierarchy since the one must make a greater commitment to the group in terms of time, money and knowledge. As a result there appears to be a difference in perception of members who post images as opposed to members who post text. This indicates a stratified social system.

Symbolic Expression

Common to subcultures is a common method of expression. Jargon expressions include 'flame," "FAQ" (Frequently asked Questions), "flamebait" (one who is deserving of condemnation), "spam" (inappropriate posting), and "newbie" (one who is new to the group). Understanding the meanings of these expressions and how to use them correctly is a right of passage within the group. Rights of passage and integration align members within the groups and separate them from outsiders (Celsi et.al. 1993, Arnould and Price 1993).

Other forms of symbolic expression include special character usage. Individuals will often make character faces at the end of sentences

both within and outside the group), boundary pushers (members who stretch the cultural norms through text and image content), interlopers (non members who attempt to change the existing norms), artists, and collectors (image posters). Lurkers do not actively engage in the group dynamics. One must engage in the discourse that is on the

group in order to shed this role and move to a new one. New members are encouraged to remain in this role until they have learned the rules of etiquette. The following notice was posted by one fed up individual known as "June Cleaver" in response to a post titled "I am extremely lost."

1. Buy a book at Walden's and learn what you are doing and how to do it before spamming across the net, especially in binary groups. If you and the rest of the pimply faced adolescents would confine your comments to conversation groups, the rest of us could enjoy without having to wade thru your whinning.
2. Spend some time "lurking"... not a bad thing. Lurking means that you observe, read and learn before interjecting your assinine comments: ("It's better to remain silent and thought a fool lest you open your mouth and remove all doubt"). Most likely, by lurking for a while, you will answer your own questions without taking up bandwidth. Try checking out "alt.newbies" for starters, you're likely to find help there.

Finally, I would like to apologize to regular readers and friends for taking up bandwidth to respond to what is probably flame-bait to begin with. But, I could remain silent no longer. I am tired of retrieving articles and finding most of them to be this in this vein. Servers are filling up fast, and I am growing tired of neophytes who speak out of turn, spam, and post insane articles like "Wincash" and other crap. Please forgive and indulge me this once.

"Ward, don't you think you were a little hard on the Beaver last night?"

Opinionizers appear to be the self appointed voice of the group. They are the vocal members who would forge the group norms. Closely related to the Opinionizers are the boundary pushers. Boundary pushers tend to post content, both image and text, that challenges the norms of the group These posts are commented on by the other members and either denounced or supported.

Similar to opinionizers are interlopers who usually disagree with the nature of the group and post commentary concerning their views.

The main difference between interlopers and opinionizers is that interlopers do not appear to claim membership in the group, they come from the "outside" and attempt to change the group's norms and purpose. One such interloper goes by the name Reynold M. de Guzman. Mr. deGuzman wrote an essay called "Bunny Rabbit Christians Unite". Commentary about it in the group took on many forms from serious discussions to blatant flaming and name calling. The following is an excerpt from Mr. de Guzman's post and some of the responses that it prompted.

We have been Bunny Rabbit Christians for too long. We have been the devil's little pet which he can cuddle and lull to sleep in his arms. We have apologized for being too religious and are scared to stand up to God or be called a fanatic.

Get out of those news groups that keep you up all night and keep you out of the prayer closet. Yes YOU, that is reading this. How do you expect to be used of God when you can't even crucify your own flesh? God has a mighty work for you to do but the devil has beaten you up so bad that you would have to lift yourself up just to get close to a kneeling position.

Yes, this is the Internet, and you are in your own home, and no one can see you. It's just the same as if you went to that xrated movie that your schoolmates went to but you didn't because you had to put on that righteous show for them.

Ok, enough said. If you want help overcoming these sex sins, then write me. If you want to stay here and LURK, without being seen, then I pray the Lord has mercy on you. I know it's hard to do this, but victory comes through fasting and prayer and the power of the Holy Spirit to break the chains of demonic bondage.

Chose ye this day whom you will serve...

PS: Don't bother flaming me, 'cuz I'll tell you I was talking to the Christians, and don't tell me I'm wasting bandwidth because you know as well as I do how much

room these graphics take up. Intelligent discussions will be entertained though if you wish.

Regards.

Reynold M. de Guzman

Reaction to this posting ranged from inquiry for serious discussion:

OK. Not being a Christian, I wonder what it is that you (and others) find so reprehensible about people stimulating themselves with images of a sexual nature. What is it about that that so terrifies or disgusts you? Granted, anyone that does ANYTHING to excess is probably harming himself, but we're not talking about excess here, are we? We're talking about what you think is intrinsically wrong about looking at pornography. Explain that for me, if you will, and then we can discuss it.

TEXAN94

to outright flaming:

Hey Leper F*ck,

Nice name by the way. I think it describes the state of your mind after reading your post. I'm not quoting your post because it is absolutely vile. I'm sure anyone can find it if they wish.

You are missing one central fact. Its the fact that most people overlook when examining the birth of this nation, The United States of America. That fact is that this nation was founded by people seeking freedom from intollerance. Those original people were *Christians*..

Yes, those nasty *Christians* worked to guarantee your right to speak and believe as you please. You might extend the same courtesy by finding another place to spew your hatred. After all, we can all plainly see who is the one that is intollerant.

Jesus loves you, even if you don't believe it.

Don't wait to long to accept His offer of Salvation.

In His Service

CatMan

Salvation, don't leave this world without it.

The opinionizers, therefore, appear to be the guardians of the moral and social code in the group. They fight against foreign ideas and attempt to regulate group norms and accepted areas of content.

The last two roles exhibited in this news-groups are artists and collectors. Members who engage in these two roles perform the actual posting of the images themselves. Artists are not usually posters of original artwork, rather they take the work of others and post it to the group. Artists usually are only known by their pen names such as "Scanmaster," "Krushscan," "Ledgescan" and "Lostboy." What is interesting about these "artists" is that in scanning and posting images they become the "creators" of the works. The images are generally not original, most are scanned out of magazines or captured from adult videotapes.

The group will compliment or condemn artists for the quality of their scans as well as the image content. The artistry is generally not in the image itself but in the manner in which it is posted. Scanners will print their logo on the image so that all who view it will know who scanned it in and made it available. This could be compared to the signature a painter will put on the bottom of the canvas.

Similar to scanners are image manipulators. These individuals will take a photograph or drawing and alter it. A typical image manipulation includes taking an image of a famous person and, though electronic photo manipulation, removing their clothes. The skill and artistry of this process appears to be revered by the group as witnessed by the favorable commentary by other members. The group term for this procedure is nudified. The

ethical ramifications of such altered images is ripe subject for group discussion.

The other type of image poster is the collector. These individuals tend to post series of images with titles like, "penetrations # 5" or "B-teen series." Often the actual images will state the collection, again similar to an artists signature. Posters through their collections tend to hold a sacred connection to them through the act of collecting (Belk, Waldorf and Sherry 1989). The act of posting image collections reveal who the poster is by way of his taste in imagery. This can be viewed as a form of conspicuous consumption (Lefkoff-Hagius and Mason 1993). Conspicuous consumption is usually associated with status and social

hierarchy (Hirschman 1990). This appears to be true here as well. Only those with extensive equipment and expertise can post such large and categorized image collections.

Core Values and Ethos

All subcultures subscribe to a binding ethos. Within this section of the Internet community there is a strong emphasis on freedom of expression. This can be seen in the conversation over Dragon Slayer's posts as well as the responses to Mr. de Guzman's attempt to reach members of the group on moral grounds. Similarly there are many posts calling for reaction to the latest actions by Senator Exxon.

At this point it's not too late. We have to act or we will lose the right to use adult oriented online services.

The following is a public policy request issued by the Association of Online Professionals

This week, a joint House-Senate Conference Committee begins work on the final version of the Communications Act of 1995. The decisions made in conference will affect the final form of the legislation, and may ultimately have either very beneficial or disastrous effects on the online communications industry.

I. Summary of Legislation (Omitted)

II. Request for action:

AOP is requesting that all members and other online professionals write to the members of the conference committee to request that the committee:

**** REJECT **** the Exxon language, specifically Section 402 (a) (1) and Section 402 (a) (2) (d) of the Senate version.

**** REJECT **** the proposed amendments to 18 USC 1462 and 1465 contained in the amendment to the House version.

**** SUPPORT **** the Cox-Wyden language contained in Title I, Section 110 of the House version.

III. Sample letter to members of Congress (Omitted)

IV. Tips and Tactics (Omitted)

V. Names and addresses of members of Congress (Omitted)

Coupled with this strong freedom of expression sentiment is an emphasis on self control that is reinforced through the opinions expressed by other group members. The boundary pushers who tend to traffic in material that could be illegal are uniformly denounced. The feeling in the group is that their ability to continue to enjoy this material is threatened. Actions that give the opposition material that can be used against the group is a foolish thing to do. The overall reaction by the members who post is one of restraint and abstinence from this type of behavior.

DISCUSSION

The Internet Usenet newsgroups do appear to exhibit most of the characteristics of a subculture of consumption as described by Schouten and McAlexander (1995). This particular newsgroup prides itself in a strong sense of freedom of expression and self regulation. Advertisers who attempt to influence this group must be aware of this sentiment. Traditionally advertising in the newsgroups has been soundly flamed (Sanchez-klein 1996, Clinton 1996). These anti-

advertising sentiments, however, appear to be relaxing due to the recent increase of commercial traffic on other parts of the Internet, specifically the World Wide Web. This coupled with the increased access to this area due to new technologies indicate that this area of the Internet is experiencing a cultural change. The ramifications of this change will need to be examined in future studies. While findings stemming from an examination of the Erotic Usenet newsgroups can not be generalized to other parts of the Internet, the concept of a subculture of consumption on the Internet can. Marketers need to understand the dynamics of a subculture of consumption in order to understand the social structure of their intended audience.

Methodological Considerations

The method used in this study was appropriate for a first look at a new phenomenon. Future studies, however, will need to gain a closer rapport with Internet users. Future directions include directly contacting and conversing with Internet users either with a survey or in a more qualitative fashion. The observations as expressed in this study need to be corroborated in order to better ascertain how the various areas of the Internet should be examined.

Conclusions

The pace of technological change is only going to increase in the coming years. In response to this trend consumers will find new and different arenas in which to interact within society. Smart marketers will attempt to better understand Internet users before attempting to communicate with them. Just like the newbies in the Usenet newsgroups, marketers need to spend time "lurking" on the various areas of the Internet in order to understand the impact it has on the consumers who spend time there. Suggestions for marketers include: (1) The need to understand Internet use time as entertainment time where intrusions may be resented. (2) The commitment to the group as represented by large investments in expertise and equipment breeds resentment when unwanted material is posted. (3) Marketers need to realize that they will be easily picked out by those who are fluent in the norms of the group, thus giving the products and services marketed an unsophisticated image. (4) Marketers need to understand the focused discourse of many

Internet areas so as to match product communications to target market.

Understanding the values and norms of such a subculture of consumption allows marketers to more accurately market to and service this section of society. The framework of a subculture of consumption is a valid approach for marketers to use in understanding and marketing to members of not only the Internet but other segments of society as well. This study has been a first step toward gaining that understanding.

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INVESTIGATING THE RELATIONSHIP BETWEEN SERVICE QUALITY, SATISFACTION AND SWITCHING INTENTIONS

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ABSTRACT

Service Quality and service satisfaction has been identified as potentially important determinants of service switching. Consequently, there have been calls for resolving issues such as establishing discriminant validity between service quality and satisfaction and assessing their causal ordering and interactive relationships in predicting customer switching inten-

tions. The results of this study indicated that service quality and satisfaction are indeed distinct constructs and that quality is an antecedent to satisfaction. In addition, quality was found to be the key driver of switching intentions. We also found no evidence of an interaction between quality and satisfaction in their influence on switching intentions.

INTRODUCTION

Service satisfaction and service quality have been identified as potentially important determinants of service switching. However, their exact role in influencing service switching is not known. For example, are service quality and service satisfaction even distinct constructs? If so, how do these factors influence switching; does service quality mediate satisfaction's relationship with switching intentions or vice versa? Do service satisfaction and service quality interact in their influence on switching intentions? This paper reports on a study conducted to determine the role of service quality and satisfaction in predicting service switching intentions. Data on 184 banking customers' evaluations of service satisfaction, service quality and switching intentions are used to examine the following:

- (1) Are service satisfaction and service quality distinct constructs?
- (2) What is the nature of causal ordering between service satisfaction and service quality?
- (3) What is the impact of service satisfaction and service quality on switching intentions and do they interact in their impact?

This paper proceeds as follows: First, the key constructs are defined and hypotheses formed

regarding the 3 research questions. Then the empirical study is outlined and the results presented. We end with a discussion of the results.

SERVICE SATISFACTION AND SERVICE QUALITY

Constructs Defined: Consumer satisfaction has been recognized as a key concept in marketing thought and practice. The realization of its importance has led to a proliferation of research in order to understand this concept (Yi 1990). This has resulted in various definitions of consumer satisfaction being proposed in the literature such as: "the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience" (Oliver 1981, p. 27); and "the consumer's response to the evaluation of the perceived discrepancy between prior expectations [or some other norm of performance] and the actual performance of the product as perceived after its consumption" (Tse and Wilton 1988, p. 204). In general, it is accepted that the most commonly recognized view of consumer satisfaction is (Westbrook and Oliver (1991, p. 84)):

Consumer satisfaction has been variously defined in the literature, but the conceptualization that appears to have the greatest support is the view that satisfaction is a postchoice evaluative

judgment concerning a specific purchase selection (Day 1984).

Service quality has been defined as "The consumer's overall impression of the relative inferiority/superiority of the organization and its services" (Bitner and Hubbert 1994, p. 77). This is consistent with the conceptual definition of service quality first proposed by Parasuraman, Zeithaml, and Berry (1988, p. 15) which represents service quality as "the consumer's judgment about an entity's overall excellence or superiority".

Service Quality Versus Satisfaction: Emerging literature suggests that although service quality and satisfaction are closely related, they are distinct constructs (c.f. Bitner 1990; Cronin and Taylor 1992; Oliver 1993; Rust and Oliver 1994; Taylor and Baker 1994). The first distinction between the two constructs is that whereas service quality is an overall evaluation, similar to an attitude, satisfaction is a more immediate reaction to a specific service experience (Bitner 1990; Cronin and Taylor 1992; Parasuraman, Zeithaml, and Berry 1988; Spreng and Singh 1993). A second distinction between the two is that service quality evaluations are expected to be more cognitive (Bitner 1990; Dabholkar 1995; Parasuraman, Zeithaml, and Berry 1988), while satisfaction evaluations are expected to be primarily affective in nature (Dabholkar 1995; Gotlieb, Grewal, and Brown 1994; Woodruff, Cadotte, and Jenkins 1983).

Recently, more efforts have been made to distinguish the constructs of satisfaction and service quality. Oliver (1993) suggested four such differences located at *fundamental levels* which discriminate between the two constructs. Firstly, whereas the dimensions underlying quality judgments are rather specific (whether they be cues or attributes), satisfaction judgments, can result from any dimensions, quality related or not. Secondly, expectations for quality are based on ideals or "excellence" perceptions, while nonquality referents including needs and equity "fairness" perceptions, are used in satisfaction judgments. Thirdly, experience is not required for quality judgments; satisfaction, is primarily, experiential in nature. Fourthly, whereas service quality has fewer conceptual antecedents, satisfaction appears to be influenced by a number of cognitive and affective processes.

Hence, it seems plausible that though service quality and satisfaction are closely related, they could be differentiated at both the conceptual and measurement levels. Taylor and Baker (1994, p. 165) espouse similar sentiments

... evidence in the services literature supports the position that service quality and satisfaction are best conceptualized as unique constructs that should not be treated as equivalents in models of consumer decision making.

Here we hypothesize that and test the proposition that:

H1: Service satisfaction and service quality are distinct constructs.

PREDICTING SATISFACTION FROM SERVICE QUALITY

Although past literature has conceptualized service quality and satisfaction as distinct constructs, there has been minimal investigation as to a causal relationship between the two (Dabholkar 1995). The few attempts, aimed at validating the nature of the relationship between service quality and satisfaction, have provided conflicting results. Studies by Bitner (1990) and Bolton and Drew (1991) proposed service quality as a superordinate concept and hence satisfaction was seen as an antecedent of service quality. Bitner (1990) saw service encounter satisfaction as an input into the more general construct, perceived service quality (or attitude), and reported a significant path from satisfaction to perceived service quality based on data on consumer perceptions of satisfaction and service quality at an international airport. Bolton and Drew (1991) drew similar conclusions from a longitudinal study in a telephone service context. However, these studies had some inherent weaknesses which undermine the conclusions put forth. According to Oliver (1993, p. 77).

Evidence for this assumption [that satisfaction is viewed as an antecedent of service quality] exists only at a theoretical level, however, because the concepts were not tested as hypothesized. In Bitner (1990), quality was actually measured as attitude using bipolar adjectives in semantic differential format . . . In Bolton and Drew

(1991), overall satisfaction was not measured; the satisfaction concept was represented only by satisfaction with billing disputes in the context of telephone service and was not directly linked to the quality measure.

Linking service quality, customer satisfaction and behavioral intentions in a health service context, Woodside, Frey and Daly (1989) provided empirical results that suggested that service quality was an antecedent to customer satisfaction, which in turn affected behavioral intentions. Using a nonrecursive structural model, Cronin and Taylor (1992) provided the first comprehensive test of the causal path between service quality and satisfaction across eight service companies (two each of banking, pest control, dry cleaning, and fast food). Although they hypothesized that satisfaction was superordinate to service quality, the results of their LISREL analysis indicated that service quality was in fact an antecedent of satisfaction.

To give a theoretical underpinning to the debate, Gotlieb, Grewal and Brown (1994) use Lazarus's (1991) *appraisal - emotional response - coping* theoretical framework. Based on the developments to this framework proposed by Bagozzi (1992), Gotlieb, Grewal and Brown (1994, p. 877) seek to explain the nature of the relationship between service quality, satisfaction and behavioral intentions. In their words

... definitions of perceived quality (a consumer's appraisal of a product's overall excellence or superiority, Zeithaml, 1988) and empirical evidence (Bolton and Drew, 1991; Brown and Swartz, 1989; Parasuraman et al., 1988) indicate that it is an appraisal construct... Therefore, consumers are likely to make an appraisal (i.e., judge perceived quality). Bagozzi's (1992) framework then suggest that perceived quality (i.e., appraisal) will be followed by satisfaction (i.e., an emotional response). In addition, his theoretical framework indicates that satisfaction has a direct effect on behavioral intentions (i.e., a coping response) ...

This framework proposes service quality as superordinate to satisfaction. However, for a

more stringent test of the theory, the authors tested for the reciprocal effect as well. Data of consumer perceptions on measures of interest were collected from 232 respondents who had been discharged from a hospital. Their structural model results indicated significant standardized path coefficients for the service quality affects satisfaction hypothesis. The reciprocal hypothesis of satisfaction affecting service quality was not supported. Further, satisfaction had a positive effect on behavioral intentions of repatronage. Dabholkar (1995) suggest that such a sequence is congruent with that predicted by traditional attitudinal models, i.e., when the order of evaluation is cognitive (service quality), then affective (satisfaction) and then conative (intentions of repatronage). This lends support to Oliver's (1993) argument that attitude is properly a superordinate concept to satisfaction. We seek to add more evidence to this argument by hypothesizing:

H2: Perceived service quality of the service provider (bank) will have a direct positive effect on satisfaction, not viceversa.

RELATIONSHIPS WITH SWITCHING INTENTIONS

There is evidence that service satisfaction is related to switching intentions (Anderson 1993; Cronin and Taylor 1992; Crosby and Stephens 1987; Gotlieb, Grewal, and Brown 1994; Lubin 1992; Rust and Zahorik 1993; Woodside, Frey, and Daly 1989). The more satisfied the customer, the less likely he/she is to switch service providers. Thus we seek further evidence that:

H3: More favorable satisfaction judgments will result in a lower intention to switch service providers.

Service quality has also been identified as an important variable responsible for consumers' decisions to switch (Andreasen 1985; Reichheld and Sasser 1990; Schlesinger and Schulenburg 1995). If the service provider is perceived to have high service quality, it will encourage the consumer to stay with the present service provider. On the other hand, a perception of low service quality will facilitate the loss of a continuing customer to an alternate service provider. Thus, we will examine if:

H4: More favorable service quality judgments will result in lower intention to switch service providers.

INTERACTIONS BETWEEN SERVICE SATISFACTION AND SERVICE QUALITY

It has been suggested that service satisfaction and service quality may interact in their impact upon purchase intentions (Taylor & Baker 1994); thus we could extend this reasoning to suggest that these two factors interact in their influence upon service switching. Taylor and Baker (1994) found that out of 4 industries studied, regression results showed that the interaction of satisfaction and service quality provided a better understanding of purchase intentions than did the main effects alone. They argued that the positive effects of service quality were greater when satisfaction was greater. Thus we speculate here that these results will be replicated:

H5: The interaction between service satisfaction and service quality will have a significant impact on service switching intentions.

METHODOLOGY

The 5 hypotheses were tested with survey data collected in the fall of 1996. Bank customers were surveyed regarding their intentions to switch banks for their mortgage renewals. Details of the methodology are provided below.

Data. A database of approximately 50,000 mortgage customers of varied Canadian banks and trust agencies was purchased from the Canada Mortgage and Housing Corporation (CMHC) (However, CMHC is not associated with this study in any form). The database included names, addresses and the mortgage renewal date of customers who were up for renewal between July 1996 and October 1996. Customers whose mortgages were up for renewal in early September made up the sampling frame. Surveys measuring service quality, satisfaction and switching intentions, in addition to other constructs were mailed to 4000 customers one month before their respective renewal dates. A usable sample of 400 had been obtained at the time of writing this report out of which a sample size of 200 was randomly extracted. Adjusting for missing

data in this sample, a final sample size of 184 was used for this research. All data were standardized.

To test our 5 hypotheses, structural equation models were used. The models were estimated using LISREL8 (Joreskog and Sorbom 1993) with maximum likelihood estimation. To assess the fit of the models, the traditional χ^2 fit test, χ^2/df , RMR (Root Mean Square Residual), GFI (Goodness of Fit Index), AGFI (Adjusted Goodness of Fit Index), and CFI (Comparative Fit Index) are reported. Significance of the individual paths in the model are also reported.

Scales. Overall service quality was measured using a three item scale used by Taylor and Baker (1994). Perceived satisfaction was measured by adapting the satisfaction scale used by Oliver and Swan (1989) which is derived from the bipolar adjective scale of satisfaction tested by Westbrook and Oliver (1981). For measuring switching intentions, Oliver and Swan's (1989) scale of behavioral intention was adapted. [Table 1](#) gives the list of items used for each scale. Reliability analysis was conducted to assess the internal consistency of the scales. Cronbach α 's for the scales of service quality, satisfaction and intention were 0.89, 0.99 and 0.96 respectively, well above the norm of .70 suggested by Nunnally (1978).

RESULTS

Assessing Discriminant Validity between Service Quality and Satisfaction

Since it has been earlier argued in this paper that service quality and satisfaction are distinct though closely related constructs, discriminant validity was assessed between the two constructs. The correlation between two constructs is 0.96; however this is significantly different from 1.0, thus discriminant validity is established. In addition, divergent validity can also be statistically demonstrated using a chi-square difference test between 2 models as suggested by Salisbury, Gopal and Chin (1996): one in which the correlation between the constructs is freely estimated and the other in which the correlation is set at 1.0. A chi-square difference greater than 3.84 ($\alpha = .05$) would suggest that the constructs are statistically different. [Table 2](#) presents the summary of the test, establishing divergent validity between

TABLE 1

Perceived Service quality (based on Taylor and Baker (1994))

1. Overall, I consider "My Bank's" service to be excellent (Strongly Disagree/Strongly Agree)
2. I believe that the general quality of "My Bank's" service is low (Strongly Disagre/Strongly Agree)
3. The quality of "My Bank's" service is generally (Very Poor/Excellent)

Perceived Satisfaction (based on Westbrook and Oliver (1981))

- 1-5. Overall, how do you feel about the service provided to you by "My Bank" (Displeased/Pleased), (Disgusted/Contented), Dissatisfied/Satisfied), (Unhappy/Happy)

Switching Intentions (based on Olivera nd Swan (1989))

- 1-4. Rate the probability that you would switch from "My Bank" to a "New Bank" if you needed similar services again (Unlikely/Likely), (Improbable/Probable), (No Chance/Certain)

TABLE 2

Model	Degree of Freedom	χ^2 Service Quality - Satisfaction
Fixed	14	96.73
Free	13	74.91
Difference	1	21.82
Distinct Constructs		Yes

Critical χ^2 for above analysis ($\alpha = .05$) is 3.84

service quality and satisfaction. Hence, we find statistical support for hypothesis H1.

Assessing the nature of Causal Ordering between Service quality and Satisfaction

To assess the nature of causality between service quality and satisfaction, a nonrecursive structural model was used (see Figure 1). Unlike Gotlieb, Brown and Grewal (1994) who used single indicator latent constructs, we used multiple indicators for both service quality and satisfaction. Error variances for both constructs were computed and used as inputs for estimating the model. The estimate of the path coefficients indicates that the effect of service quality on satisfaction (1.00, $t = 16.63$, $p < .05$) is greater than the effect of satisfaction on service quality (0.65, $t = 11.16$, $p < .05$). To further assess the difference, an additional model was tested in which the paths from service quality to satisfaction and the reciprocal path from satisfaction to service quality were constrained to be equal. A difference of chi-squares test was performed between the constrained model and the unconstrained model for testing the hypothesis that the reciprocal paths

between the latent constructs are equal (Joreskog and Sorbom, 1993) There was a statistically significant difference between the original model and the constrained model, suggesting that the effect of service quality on satisfaction was indeed different from the effect of satisfaction on service quality. Hence, there is a partial support for hypothesis H2. Although there was a direct positive effect of service quality on satisfaction, we could not rule out a direct positive effect of satisfaction on service quality. Table 3 summarizes these results.

Assessing the Main Effects and Interactions of Service Quality and Satisfaction on Switching Intentions

To assess for main effects and interactions between service quality and satisfaction in predicting switching intentions, we tested the model outlined in Figure 2 using the procedure suggested by Ping (1995) for the interaction terms. A linear terms only measurement model is estimated for the original constructs and the loadings and error estimates of this measurement model are used to construct the loading and error terms for the interaction construct. As opposed to the Kenny and Judd (1984) approach of creating multiple nonlinear indicants of the interaction construct, Ping (1995) suggests creating a single indicant for the interaction construct.

The structural equation model was estimated using LISREL8. The estimates for the various parameters from the measurement and structural models are given in Table 4. The overall model fit indices indicate that the model is reasonably consistent with the data, with the

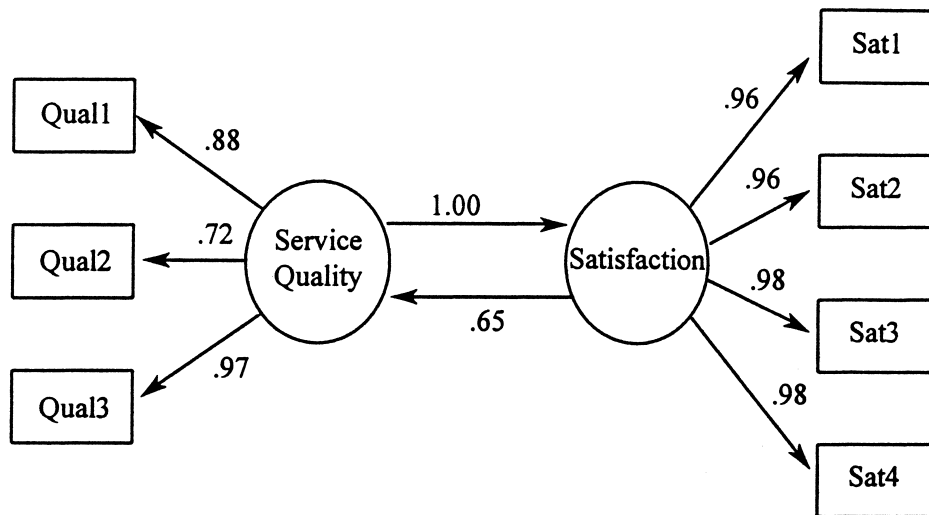


FIGURE 1

TABLE 3

Model	Unconstrained	Constrained (Equal Paths)
χ^2 (df)	91.18 (19)	101.24 (20)
χ^2 (Significance)	p=0.0	p=0.0
χ^2/df (s.v. < 5.0)	4.7	5.0
RMR (s.v. < 0.1)	0.03	0.09
GFI (s.v. > 0.9)	0.88	0.87
AGFI (s.v. > 0.8)	0.82	0.82
CFI (s.v. > 0.9)	0.97	0.96

χ^2 difference (1) = 10.06. Critical χ^2 value for the analysis = 3.84 ($\alpha = .05$). s.v. = suggested value

majority of fit indices above the recommended values ($\chi^2 = 131.0$, $df = 40$, $\chi^2/df = 3.27$, $RMR = 0.07$, $GFI = 0.90$, $AGFI = 0.83$, $CFI = 0.97$). The path coefficient for service quality to service satisfaction (0.97, $t = 6.74$, $p < .05$) was the only strongly significant path in the structural model, with the service quality to intention path being marginally significant (-0.57 , $t = -1.58$, $p < .10$). The satisfaction to switching intentions path (-0.08 , $t = -0.24$) and service quality*satisfaction interaction (0.03, $t = 0.56$) were non significant. Hence, we are able to detect a marginal main effect of service quality on switching intentions but no main effect of satisfaction on switching intentions. Also, no interaction effect between service quality and satisfaction in predicting customer switching intentions was found. Con-

sequently, we find statistical support for hypothesis H4, but no statistical support for hypotheses H3 and H5.

DISCUSSION

Discussion on the effects of service quality and satisfaction on a consumers purchase intentions have produced varied and often conflicting results in the literature (Gotlieb, Grewal, and Brown 1994). Consequently, calls for resolving issues such as establishing discriminant validity between service quality and satisfaction, assessing causal ordering between the constructs and assessing their relationship in predicting customer switching intentions, have been emerging in the marketing literature (c.f. Cronin and Taylor 1992, Dabholkar 1993, Spreng and Singh 1993, Taylor and Baker 1994). This paper investigates these issues in one setting, attempting to add more evidence to the set of divergent results.

The findings of the research provide evidence that service quality and satisfaction are separate constructs. The nature of causal relationship between the two seems to be in the direction of service quality -> satisfaction. However, although we were able to demonstrate a stronger effect of service quality on satisfaction, there was still a significant though weaker effect of satisfaction on service quality. It may be the case that the strength of the

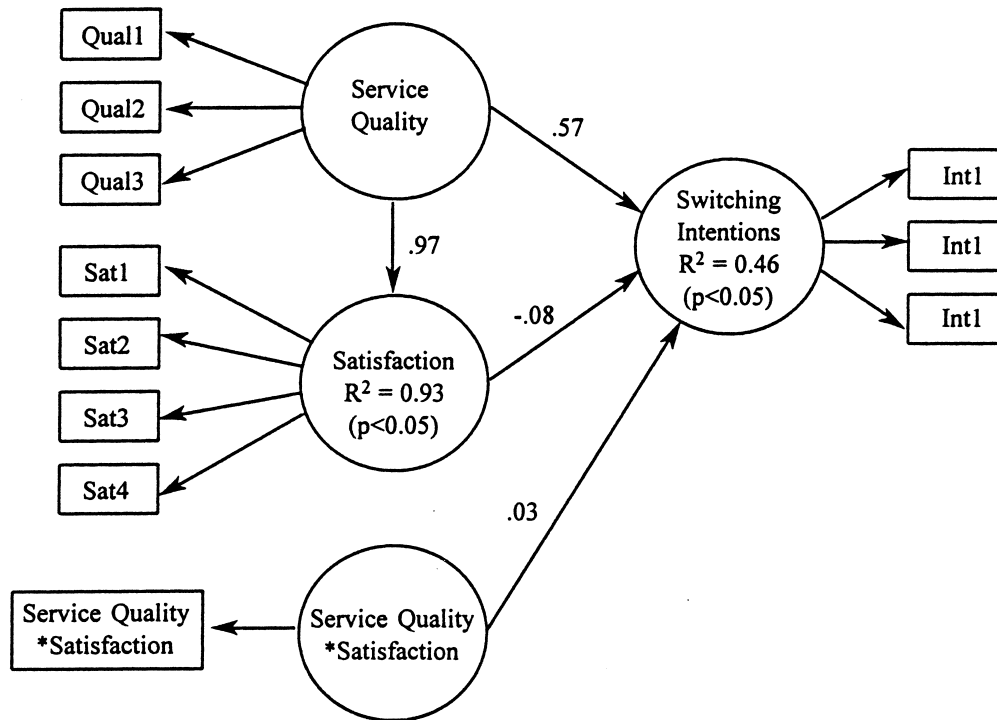


FIGURE 2
Interaction Terms Model

TABLE 4

Indicant	Loadings	Error Terms
Qual1	0.83	0.31
Qual2	0.73	0.47
Qual3	0.97	0.03
Sat1	0.96	0.07
Sat2	0.96	0.09
Sat3	0.98	0.03
Sat4	0.98	0.05
Int1	0.94	0.12
Int2	0.96	0.07
Int3	0.92	0.15
SQ*S	9.82 ^a	13.92 ^b

Var(Service Quality) = 1.00,
 Var(Satisfaction) = 1.0; SQ*S =
 Service Quality*Satisfaction;
^afrom formula 1; ^bfrom formula 2

relationship varies across service industries (for e.g., in the health care industry, Gotlieb, Grewal, and Brown (1994) found no reciprocal

effect of satisfaction on service quality). Hence, the reciprocal effect may in fact exist in some service industries and may not exist in others. It will be a worthy project to classify service industries based on the existence/non existence of these effects, because the existence/non-existence of these effects will dictate the strategies that might be followed for customer retention.

Service quality had a direct effect on both satisfaction and intentions; however, satisfaction did not have a significant effect on intentions when we modeled a direct link between quality and intention (although the satisfaction -> intention link was significant when the direct quality link to intention was deleted). Thus it appears that service quality, not satisfaction, is the key driver of switching intentions.

We could not detect any interaction relationship between service quality and satisfaction in predicting consumer switching intentions. Only one article till now has tested and found support for an interaction relationship (Taylor and Baker 1994). However, they

warned that their results were to be regarded as tentative. It should be recognized that interactions are notoriously difficult to detect in field studies (McClelland & Judd 1993) and when detected, are typically small. Evans (1985) notes that moderator effects that account for even 1% of total variance may be considered substantively significant. Thus the search for interaction effects would best be conducted in lab settings.

In sum, this study adds to the growing evidence dealing with the relationships between service satisfaction and quality and it is the first to examine their roles with regard to service switching intentions (as opposed to purchase intentions). It is limited in that it deals with only one service (mortgage renewals); however, it provides a useful starting point for further research.

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VALIDATING A MEASURE OF EXTERNAL SEARCH ACROSS SERVICE SETTINGS

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ABSTRACT

We developed an 8-item scale to assess consumers' external search activities and examined the scale's construct validity across both experiential and credence service settings.

We found two aspects of consumers' external search activities, private search and public search. The findings are invariant across both experiential and credence services.

INTRODUCTION

Information search is an important aspect of consumer decision making (Malhotra 1983). Indeed, search activity is considered central to consumer behavior decision making models (cf. Engel, Kollat, and Blackwell 1978), especially as a means of reducing uncertainty and perceived risk (Urbany, Dickson, and Wilke 1989). While search has received considerable attention in the marketing literature to-date, most of the research has focused on search for products (cf. Beatty and Smith 1987).

A number of researchers, however, have noted that services are generally perceived to be riskier than goods (cf. Murray 1991). Given the general risky nature of services, and the basic tenant that consumers engage in search activities as a means to reduce risk, it seems that consumer search activities may be especially important in a services marketing context. A review of the services literature yielded no empirical studies which validated a scale to measure external search. Therefore, we developed a multi-item scale to measure external search across various service settings and empirically assessed the scale's construct validity. Although search has been defined as both internal (retrieving information from memory) and external (obtaining information from various outside sources), this study focuses solely on external search.

CONCEPTUAL FRAMEWORK

Although external search has received considerable attention, both conceptually and

empirically, most work has attended to external search for products, not services. Prior research on external search can be grouped into three general categories. First, search has frequently been studied in terms of sources of external information, such as media, retailers, etc. (Beatty and Smith 1987). External search has also been measured by assessing for which aspects of a product consumers search, such as price, physical attributes, etc. (Brucks 1985). Finally, a number of studies have assessed external search by measuring consumers' external search efforts. Some of the more common measures of search effort are number of stores visited, number of brands examined, and time spent in the overall shopping experience (cf. Newman and Lockeman 1975). More recently, Bloch, Sherrell, and Ridgway (1986) noted that the above measures of search are potentially deficient, because most of them pertain only to one aspect of search, which Bloch and his colleagues (1986) describe as "prepurchase search." Bloch and his colleagues (1986) assert that ongoing search is an important, but often over-looked aspect of external search.

The only study located which specifically addressed a multi-item scale and its psychometric properties in a service setting was reported by Dawes, Dowling, and Patterson (1991). They administered a 16-item search scale in an industrial service setting (consultancy services). Although Dawes and his colleagues (1991) provides some initial evidence as to consumers' external search activities, the setting (industrial buying) and particular service (professional consulting) may limited the

generalizability of their 16-item scale to other service settings. Also, the 16-item scale only assessed prepurchase search activities, omitting ongoing search.

Murray (1991) used a 25-item search scale developed by Andreasen (1968) to assess consumers' information activities across both services and products. While most of the items measure consumers' prepurchase search activities, several items may have tapped the ongoing search dimensions discussed by Bloch et. al. (1986). Murray (1991) did not report the factor structure or psychometric properties for the 25-item scale employed in his study. Regardless, Murray (1991) provides initial evidence that consumers search for information differently in a service setting compared to a product setting.

In a study of search for health care services, Stewart, Hickson, Pechmann, Koslow, and Altameier (1989) also framed the search process in a prepurchase context. Stewart and his colleagues' (1989) search items solely focused on types of information to which one attends when selecting a health care provider (e.g., "doctor's formal qualifications," "will prescribe medicine without an appointment," and "has an x-ray machine"). While the Stewart et. al. (1989) study provides evidence as to information sources one uses when looking for health care, they did not report the factor structure or psychometric properties of the search scale. Moreover, many of the items used in the study are not generalizable to non-health care service settings.

METHOD

Sample and Procedure

A convenience sample of 340 residents from a major midwestern city served as the sample for the study. The demographic characteristics of the achieved sample was nearly identical to the demographics of the city from which it was drawn. 52% of the respondents were male, 48% female. The average age of respondents was 46.7 years, ranging from 19 to 81 years of age. Most of the survey's respondents earned between \$25,000 and \$80,000 per year, and nearly two-thirds of the sample reported they had obtained some college education.

Surveys were mailed to households throughout the aforementioned midwestern city. A letter from the authors apprising respondents of the purpose of the study and a promise of anonymity to respondents was included, along with the survey and a stamped self-addressed envelope.

Measures and Types of Services

An 8-item scale to assess respondents' external search was developed. Three of the items were obtained from Zaichkowsky (1985), while the other five search items were obtained from McQuarrie and Munson (1992). The items selected for the current study were employed because they generally tapped two of the three aspects of search discussed earlier in this paper, i.e., sources of information and extent/effort of search involved. Each of the 8-items is provided in [Table 1](#). The degree to which respondents would engage in each of these activities, across the services used in this study, was measured using a 7-point Likert scale.

Also, following the Brown, Fisk, and Bitner (1994) have suggested that research in services marketing should encompass multiple settings and/or industries. Therefore, we employed two "credence services" (life insurance and furnace overhaul) and two "experiential services" (haircut and dinner at a restaurant). *An experiential service is defined as a service which can be evaluated after some purchase consumption* (Ostrom and Iacobucci 1995), largely by "experiencing" the service itself. *A credence service is defined as a service which is difficult to evaluate even after some trial has occurred* (Zeithaml 1981).

RESULTS

We used three analytical procedures, (1) exploratory factor analysis, (2) Cronbach alpha, and (3) examination of inter-factor correlations, to assess the construct validity of our 8-item external search scale. The eigenvalues were inspected for evidence as to the dimensionality of the scale. The standard "eigenvalue-greater-than-one" was used as the basis for assessing the number of factors underlying the 8-item search scale (Kim and Mueller 1978). We also examined the factor loadings and cross-loadings for evidence of

TABLE 1
Exploratory Factor Analysis of Search Items for Credence
and Experiential Service Encounters

Item	Credence Services				Experiential Services			
	Life Insurance		Furnace Overhaul		Haircut		Dinner at Restaurant	
	Private	Public	Private	Public	Private	Public	Private	Public
Interested in reading information about how this service is performed	.84		.87		.74		.82	
Interested in reading a Consumer Report's article	.79		.66		.89		.87	
Have compared service characteristics among firms that provide this service	.54		.60		.60		.66	
Usually pay attention to ads for this service	.52	.47	.44	.61	.72		.39	.58
Usually talk about this service with other people		.63	.65	.47		.81		.79
Usually seek advice from other people prior to purchasing this		.48		.71		.80		.82
Usually take many factors into account before purchasing this service		.86		.82		.83		.84
Usually spend a lot of time choosing what kind to buy		.80		.85		.84		.72
Eigenvalue	3.10	1.32	3.27	1.51	4.22	1.98	3.52	1.20
Percent of Variance (2-factors)	55%		60%		77%		59%	
Inter-Factor Correlation	.19		.21		.32		.21	
Cronbach Alpha	.70	.71	.65	.76	.80	.89	.75	.84

convergent and discriminant validity. Cronbach's alpha was used as additional evidence as to the scale's convergent validity. The inter-factor correlation was used as further evidence of the scale's discriminant validity. Essentially, low inter-factor correlations (along with small cross-loadings) provide evidence that the factors (multi-item scales) are discriminant from one another.

Table 1 reports the varimax maximum-likelihood factor loadings, eigenvalues, percent-of-variance accounted, inter-factor correlations, and Cronbach alpha for each of the services included in the study. For the sake of clarity and ease of interpretation, only factor loadings equal to or greater than .35 are reported. Initial inspection of both tables very nicely suggests a two-factor solution across all four service

encounters based on Guttman's (1954) "eigenvalue-greater-than-one" criteria. Variance accounted by the two factor solutions ranged from about 50%-65%, inter-correlations between the factors were generally quite low, and inspection of the Cronbach alphas were quite encouraging. Indeed, only one of the scales (private search in the furnace overhaul context) failed to meet Nunnally's (1978) recommended .70 level of internal consistency for a scale under development. Most of the other Cronbach alphas reported in Tables 1 and 2 ranged from .75-.85.

Factor loadings reported in Table 1 were quite large, and only two items had large cross-loadings (i.e., an item loads strongly on both factors).

Inspection of the items, and their factor loadings, suggests the items factor analyzed somewhat differently than the methods by which external search has previously been discussed in the literature. The first factor, which we term "private search," generally taps those search activities which do not require others' involvement or active participation. For example, reading information and paying attention to ads are, no doubt, part of the external search process, but they do not explicitly involve anyone other than the individual engaging in search. The second aspect of search, which we named "public search," captures those search activities that explicitly or implicitly involve more than just the person seeking external information. For example, the items "I usually seek advice from other people," and "I usually talk to other people" explicitly entail "public" acts of search, where someone in addition to the seeker of information is involved in the search process. Interestingly, the items which captured the extent to which one searches were also caused by the second underlying factor. Possibly the more extensively one engages in external search, the more likely he/she is to seek public sources of information.

DISCUSSION

While the current study certainly provides some insight necessary for better understanding the role of consumers' search in services marketing, this study has a number of limitations. The scale must be administered across other service settings to more fully understand its generalizability. Also, other methods may be used to more fully assess the scale's construct validity, such as confirmatory factor analysis (Fornell and Larcker 1981).

Finally, there may be other aspects of search in a service setting not currently captured by the newly validated 8-item scale. Amongst the other possibilities are internal versus external sources (Beales, Mazis, Salop, and Staelin 1981), prepurchase versus ongoing external search (Bloch, Sherrell, and Ridgway 1986), and modality, such as print versus electronic delivery of nonpersonal forms of communication (Bunn 1994).

The results reported in the current study suggest that private and public search are

clearly distinguishable. Therefore, managers must be mindful of the fact that both types of search do exist and manage the elements of the marketing mix accordingly. As future research clarifies the effects of each aspect of search in the consumer decision making process, marketing managers may find it advantageous to encourage one type of search, yet suppress another. For example, "in-suppliers," may be best served by stimulating private forms of search, but simultaneously suppressing one's tendency to engage in public search. "Out-suppliers," on the other hand, may best be served by stimulating all forms of search, both private and public.

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AN EXPLORATORY STUDY OF THE EFFECT OF EMPLOYEE TURNOVER ON CUSTOMER SATISFACTION

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ABSTRACT

There is ample anecdotal evidence that higher levels of employee turnover lead to lower levels of customer satisfaction in retail stores. A search of the literature revealed no study that directly examined the consequences of turnover on customer satisfaction. This paper examines the relationship between employee turnover and customer ratings of overall satisfaction across 275 fast-food convenience stores operated by two different retail chains. Correlation analysis was used to examine the relationships between employee turnover and customer satisfaction. An examination of the correlation matrix reveals a number of interesting findings. First, there are different relationships between customer satisfaction and turnover among full-time and part-time employees. Higher levels of turnover of full-time employees were associated with lower ratings of overall customer satisfaction, friendliness and speed of service. Part-time turnover was significantly related only to speed of service. This relationship between part-time employee turnover and speed of service was negative, that is; when turnover of part-time employees was higher, customers perceived speed of service to be slower. This finding suggests that future work examining the effects

of turnover on customer satisfaction should treat full-time and part-time employees separately. Combining these two groups, who have a fundamentally different relationship with the store and perhaps with customers, will confound results. These results also suggest that higher levels of turnover of part-time employees, if combined with a stable group of full-time employees, may not affect customer satisfaction very much.

Another finding that is that the effect of turnover on customer satisfaction is weaker than the impact of other measures of store effectiveness. Employees perceptions of Tools and Methods, Standards and Goals, Employee Satisfaction, Labor Scheduling and Store Meetings were significantly correlated with customer ratings in the range of .16 to .30. Correlations for the turnover measures and customer ratings were also significant but were in the range of .12 to .16. At least in this retail setting, it appears that improving store management practices and infrastructure will have a greater influence on customer satisfaction than reducing turnover.

CONFLICT PATTERNS IN INTERNATIONAL DISTRIBUTION CHANNELS

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ABSTRACT

The nature and management of the distribution channel relationship assumes greater importance in the international environment due to the existence of different attitudes and expectations. International channel relationships can also be complicated by geographical distances, environmental differences and language difficulties. Several researchers have developed models to describe the factors involved in a conflict episode and have also identified the main variables in the conflict process. This study investigates the conflict experience of exporters with their international channel partners. Based on the literature, a model was developed for the current study which contained four stages; underlying conflict, manifest conflict, conflict resolution, and conflict outcomes. In addition, the level of international experience of firms and the psychic distance between channel members were included as components of this model. A questionnaire was developed to measure conflict, conflict resolutions methods practiced and conflict outcomes. Data was collected from a sample of Australian export organisations. The conflict resolution strategies and conflict out

comes variable groups were subjected to factor analyses in order to identify their underlying dimensions. A cluster analysis was conducted to classify the conflict situations of the respondents. The principal finding from this study would seem to be that it is the strategic choices which are made to deal with conflict as and when it does occur that are the most prominent determinants of the outcomes of conflict situations. In contrast, the level of conflict itself is not a factor which influences the degree of success of conflict situations. Those firms which experience lower levels of conflict would be advised not to adopt a complacent attitude. In this situation relationships should be directed towards the prevention of conflict in the future. This can only be done by being proactive and using integrative methods such as setting common goals, sharing information, and keeping channels of communication open. When conflict does occur, the strategies which lead to the most favourable outcomes are those which address the causes of the conflict. The termination of relationships was seen as leading to unsatisfactory outcomes.

THE FILENE'S BASEMENT BRIDAL SALE: A CONTENT ANALYSIS OF STORE-AUTHORED AND MEDIA-AUTHORED COMMUNICATIONS ABOUT A RETAIL SPECIAL EVENT

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ABSTRACT

This paper explores one retailer's use of publicity for a long term goal, the promotion of a special sale. Content analysis demonstrates differences between store- and media-authored communications. The researchers propose an explanation for these rooted in the disparate

objectives of the media and the retailer, and provide suggestions to retailers for managing media presence at store special events so as to use this type of marketing communication effectively.

INTRODUCTION

By analyzing one retailer's long-term use of publicity, we develop guidelines for the effective use of this method of communication for a retail special event. The relationship forged between the media and the retailer in this particular case has proved to be an effective and inexpensive strategy that benefits both parties. The media receive a unique view of consumer behavior that is of interest to their general audience and the store receives heavy coverage of the sale. The excitement created around the sale is transmitted through the media presentation of the event on local, regional, and even national news outlets in print, radio, and live video formats.

DESCRIPTION OF THE RETAILER AND THE SALE

Filene's Basement has effectively used the publicity surrounding a special retail event to foster the long term goals of maintaining store loyalty and the image of being the best place for bargains. The extensive publicity that surrounds the store's quarterly event has turned a mundane sale of wedding dresses into an event with its own tradition, culture, and folklore. Filene's Basement claims to be the U.S.'s first off-price retailer and is known worldwide as a place for bargains. The "Bridal Gown Event," held four times a year, attracts thousands of participants through the lure of tremendous bar-

gains. For example, presently the Basement sells all gowns, regardless of their original retail price, for \$249. Potential savings of \$250 to \$7500, coupled with legends of success from previous sales, drive participants to atypical behaviors such as hoarding, public stripping, team shopping, and in-store bartering.

A typical sale starts around 4:00 am when local participants leave home and out of towners leave their hotels to line up at the doors of the store. When the doors open at 8:00, participants run to the area where the gowns are located and grab as many gowns as they can from the racks. This part of the sale usually lasts less than a minute. The rest of the morning consists of shoppers hoarding their inventory, brides trying on gowns, and other participants not lucky enough to get gowns in the initial grab waiting for discarded gowns. In the end, some find the gown of their dreams, while others leave disappointed.

LITERATURE REVIEW

Compared to other types of marketing communication, there is relatively little research on publicity and public relations strategy, and practitioner-oriented sources dominate (cf. Hallahan 1997 for an annotated bibliography of public relations sources). Texts and handbooks alike, however, generally agree that staging and carefully managing a newsworthy event is one way to get publicity. The key to the successful

utilization of special events is to create a "uniqueness" about the event that will assure media attention. Winston (1982) also noted that the different media were attracted by different event characteristics, with, e.g., television needing good action pictures, radio needing distinctive sounds, and magazines looking for a special "angle."

Similarly, the research on public relations theory is relatively sparse compared to that on other types of marketing communication. A 1989 compilation of alternative theories (Botan and Hazelton) primarily focuses on communication theory as an explanation of public relations. For example, four models of public relations based on communication theory are proposed which characterize the relationship between an organization and the media as one-way or two-way, and symmetrical or asymmetrical (Grunig 1989). Theories from the social sciences, including symbolic interactionism, exchange theory, conflict theory, and structural-functional theory, have been used to explain the incorporation of interpersonal and mediated communication inherent in public relations. None of these models or theories has been translated into contemporary marketing thought, as a perusal of the marketing communications chapters of current basic marketing texts will show.

This paper analyzes the results of one retailer's long-term use of publicity and derives guidelines for the use of this form of communication. A content analysis and comparison of store-authored and media-authored communications about the Filene's Basement Bridal Event yields recommendations for retailers and provides an initial structure to help researchers understand and analyze this type of marketing communication.

METHODOLOGY

The study used content analysis to compare presentation of the event by the store and the print media. The sample consisted of five store-authored documents or publications and 37 newspaper or magazine articles or captioned photos. The five store-authored documents were obtained from the store's public relations director and represent a census of store public communications regarding the sale. The newspaper ad for the Bridal Event is the most widely distributed store-authored document, appearing

in the newspaper the day before the event four times a year. Two of the other store-authored documents communicate the history of the store and the sale, and the remaining two documents provide specific tips on successfully shopping the sale. With the exception of the newspaper ad, store-authored documents are distributed individually to shoppers who are either present at the sale or who contact the store in anticipation of attending the event. Most of the articles about the sale were obtained from the store's public relations director's article file. A Lexis search identified additional articles about the sale, and these were added to the sample.

The analysis procedure was as follows: first, two researchers read each document independently and summarized what it communicated about four subjects: the seller, the buyer, the product, and the event/setting. The researchers then evaluated the separate analyses together to resolve disagreements. Finally, store-authored materials were compared to independently published articles to identify source differences in communications about the sale.

ANALYSIS

The content analysis revealed relationships among the three major stakeholders of the sale (retailers, consumers, and the media) as well as differences in how each constituent related to the sale itself. These relationships were shaped by the fact that the three constituents have different goals to be obtained from the sale.

For the retailer, the objectives of this sale are to increase store loyalty and transmit the 'bargain mentality' of the store to its patrons. Because very little money is actually made on the gowns and the gowns are purchased just for these sales, it is unlikely that, as in other sales promotion activities, short-term profit is a driving goal. Rather, the retailer wants to cement in the consumer's mind that the store is the primary source for discount shopping and is dedicated to providing bargains not just during these quarterly sales, but all year long. The retailer's objectives may be hampered by any negative consumer experiences as well as any negative portrayal of the sale by the media.

For the consumer, the objective of this sale is apparently simple: to obtain a beautiful,

wonderfully crafted gown at a fraction of the original retail price. However, embedded in this seemingly simple objective are issues of beauty, acceptance, portrayal of self, and bonding with other members of the wedding party (Dobscha and Foxman 1997). The consumer is constrained from fully meeting this objective by her place in line, her body type, and her bargaining savvy.

For the media, the objective of the sale is to construct a newsworthy piece of journalism, complete with a story, a protagonist, and a conclusion. This piece is not meant to be an advertisement for the retailer, but rather a news story that will capture the interest of the general audience. The media are restricted by the amount of time allotted for the piece and the access given them by the retailer.

Because of these differing goals, conflicts may arise among the stakeholders. Media may portray the sale improperly or may get in the way of consumers attempting to achieve their goals. Retailers may impede the media's goal attainment by denying early access or other accommodations. Consumers may impede the media's goals by not participating in interviews, photos, or videotaping. Retailers' knowledge of the disparate objectives of sale participants can help them both facilitate and manage interactions to increase the effectiveness of communication about the sale.

Differences Between Media and Retailers

Content differences in store and media communications about the sale are summarized in [Table 1](#). In both store-authored and media-authored communications, portrayal of the retailer fell into three categories: store personality, store expertise, and store fame or reputation. Retailer information provided by the retailer itself is entirely positive, whereas media-authored items include both more balanced factual information and more hyperbole. For example, the Filene's Basement information sheet describes its automatic markdown program as philanthropic because after 30 days all merchandise that remains is donated to charity (Filene's Basement, Inc. (n.d.), "Filene's Basement," fact sheet). Mass media articles, while they generally view the markdown system favorably, are also prone to note that less than 1% of merchandise remains on the floor for 30 days (Kreisberg 1982). Hyperbole is fre-

quent in media-authored communications about the retailer, with the store being characterized as "the ninth wonder of the world," or "a magical mystery tour, an ... irreplaceable, loveable, thrilling hole in the ground, as transforming and madcap as Alice's entry into Wonderland" (Kreisberg 1982, p.88).

Store-authored communications mirror media-authored communications when describing the consumers at the sale. These descriptions focus on personal characteristics and atypical behavior, both shopping and non-shopping. The two communication sources agree in their description of the buying group, identifying friends, members of the bridal party, and relatives as group members. Store and media sources both present positive and negative personal characteristics and behaviors of shoppers. Again, however, the media descriptions provide more extreme descriptions. For example, store materials describe buyers as brides-to-be, eager, excited, not shy, aggressive, and overzealous (Filene's Basement, Inc. (n.d.), "Filene's Basement Bridal Sale"; Filene's Basement, Inc. (n.d.), "Ten Tips"). The media push this portrayal towards extremes, adding thriftiness, patience, immodesty, extreme competitiveness, and irrationality to their descriptions ("The Boston Supersoppers" 1969; "Bridal Wave Sweeps Store" 1994). The media also report more extreme buyer behaviors, including fistfights and public nakedness (Brown 1994, Spears 1995).

Retailer and media communications are in general agreement in their descriptions of the product (the gowns), with occasional inaccuracies on the part of media about price, which is accurately and clearly communicated by the retailer to consumers via the newspaper advertisement, signs throughout the store, and price tags.

In portraying the event itself, both retailer and media sources communicate when the sale occurs, document special events and behaviors observed at the sale, and employ emotionally charged language to describe the sale. Media sources, however, follow the pattern of providing more information (some of it negative and some inaccurate) and of employing hyperbole. The number of people in attendance at the sale is always estimated in media reports, but not in retailer communications (this is partly because retailer communications, with the

TABLE 1
Content Differences in Communications About the Sale

	Store-Authored Communications	Media Communications
Portrayal of Seller	<p><u>Personality</u>: Positive, e.g., helpful, friendly, positive, philanthropic, honest</p> <p><u>Expertise</u>: Pioneer of off-price retailing -- great bargains on name-brand merchandise</p> <p><u>Fame/reputation</u>: portrayed as a local tradition since 1908, a Boston tourist attraction, nationally known, even world famous</p>	<p><u>Personality</u>: Positive hyperbole, also qualified positive portrayal (e.g., philanthropy is limited)</p> <p><u>Expertise</u>: Communicated in more detail (e.g., store is said to pay bills on time, treat vendors fairly) and some hyperbole (e.g., can sell 200 Nehru suits <u>after</u> they've gone out of fashion)</p> <p><u>Fame/reputation</u>: Frequent hyperbole (e.g., "the ninth wonder of the world")</p>
Portrayal of Buyer	<p><u>Personal characteristics</u>: bride-to-be, eager, excited, not shy, aggressive, overzealous</p> <p><u>Behavior</u>: Fast at grabbing, slow at trying gowns on; barterers; women try gowns on in public</p> <p><u>Buying group</u>: includes friends, relatives, bridal party</p>	<p><u>Personal characteristics</u>: same as retailer sources, plus hyperbole and some negative traits -- e.g., intensely competitive, aggressive; wacky; irrational, "fevered"</p> <p><u>Behavior</u>: Same as retailer, plus: women with under-wear showing try gowns on in aisles, get into fist-fights, arguments</p> <p><u>Buying group</u>: Same as retailer</p>
Portrayal of Product	<p><u>Quantity/quality</u>: 600->900 gowns; high quality; designer, name brand</p> <p><u>Price</u>: low price (\$199; \$249); bargain; originally \$2500-\$7000</p> <p><u>Source</u>: samples, overstocks, mfr. going out of business</p>	<p><u>Quantity/quality</u>: same as retailer sources, but note that there are some "seconds" in quality</p> <p><u>Price</u>: similar to retailer sources, but some inaccuracies</p> <p><u>Source</u>: same as retailer sources, but generally less information provided</p>
Portrayal of Event/ Setting	<p><u>When</u>: 4 times per year; opens at 8 AM (early), closes at 7 PM</p> <p><u>Special behaviors</u>: people wait outside for hrs.; gowns off racks in less than 1 min.; women try gowns on in aisles; barter; people fly in for sale</p> <p><u>Emotionally charged language</u>: "frenzy" at opening; "crazy event" -- intense, emotionally charged</p>	<p><u>When</u>: Same as retailer sources, with occasional inaccuracies on frequency and starting time. Always provide estimated number of shoppers.</p> <p><u>Special behaviors</u>: same as retailer, but much hyperbole</p> <p><u>Emotionally charged language</u>: Same as retailer sources, but much greater use of hyperbole, simile, and metaphor: "ultimate wedding dress sale;" "frenzied mob;" "crowded, tumultuous, and hectic;" mob scene; store described as athletic event venue, shopping here as an art. Illustrations convey special behaviors.</p>

exception of the newspaper advertisement, are based on previous sales). Hyperbole includes phrases like "the ultimate wedding dress sale" and "frenzied mob," as well as the extensive use of simile and metaphor comparing the sale variously to an athletic event, a fine art, or murder (Bradley 1978, Collins 1995, Davis 1995). Illustrations (photos and drawings) in media communications also portray sale conditions, such as people pressed up against the store's entrance doors, women trying gowns on in the aisles, and fights over the gowns (Bradley 1978, Collins 1995, Schultz 1994).

DISCUSSION

Media-authored communications differed from store-authored communications in their inclusion of more negative information, some factual errors, and the use of hyperbole and other figures of speech. This difference is largely due to the disparate goals of the media and the retailer. To facilitate its goals, the retailer informs potential buyers about the sale directly via print ads and phone contacts, providing specific information about the "facts" of the sale (where, when, prices) and about the

special conditions and rules of behavior that prevail in the sale environment. Representatives of the mass media, on the other hand, are attracted to the sale because they need a newsworthy, attention-grabbing story. Few reporters knowingly incorporate inaccuracies into their stories; however, the presence of deadlines and the nature of the event may leave little time for fact-checking. Hyperbole and "horror stories" serve media purposes first, attracting viewer or reader attention to the media vehicle. This type of story content can work against store communication goals or further them, sometimes within the same media piece. To summarize, media coverage of this special event contributes to the sale being widely known and heavily attended. However, some inaccuracies are communicated about the sale, and some unknown number of potential buyers are scared away or turned off.

Recommendations for Retailers

What can a retailer seeking publicity for a special event do to maximize the benefits of this type of media coverage and minimize its drawbacks? Our strongest recommendation is to plan publicity events that, when communicated to a wide audience, will be consistent with media goals -- e.g., to reach a wide audience, convey excitement, present the immediacy of an event. Retailers like Filene's Basement can limit the negative aspects of media coverage by providing special access (both to the event and to store personnel via interviews) and press releases to increase factual accuracy. Filene's Basement does two additional things: first, it attempts to schedule media visits so that different media teams do not conflict. This is important because "turf wars" over the story can lead to departure of one of the teams and less coverage -- or result in less positive coverage. Basement representatives also try to manage the media team sale experience so that it is as positive as possible -- e.g., media teams are provided with good stakeout locations where they won't get trampled during consumers' initial rush into the store. People who have been stepped on or had expensive equipment damaged may focus excessively on the wilder aspects of the sale, which is undesirable from the retailer's point of view.

CONCLUSION

This analysis of the Filene's Basement Bridal event demonstrates that publicity enhances but does not replace store-authored communications. The analysis provides some insight into how retailers can in part manage media-authored communications, through good relationships with media representatives, by providing reporters with access and accurate information, and by carefully managing the access experience itself. When it is vital to convey specific information, however, retailers must use methods they can reliably control. This study reveals just the outlines of the type of relationship or exchange a marketer may have with media representatives who are potential sources of publicity. Future research needs to increase understanding of the nature of this relationship via, for example, surveys, focus groups, or depth interviews of both representatives of media and retail public relations directors.

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IMPACT OF TIME OF DAY AND CIRCADIAN ORIENTATION ON THE RELATION BETWEEN INTENT TO BUY AND A_{AD} , A_{BD}

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ABSTRACT

As shown by Mick (1992), the deeper the Information Processing (IP), the stronger the relation between the intent to buy an advertised product and the attitudes toward the ad and toward the product. The present paper investigates the possibility that time of day and

circadian cycles directly impact on the *strength* of this relation. Results of a study show that the relation is significantly stronger in the morning than in the evening, especially for morning oriented consumers. Practical implications are proposed.

INTRODUCTION

Advertising strategists tend to favor the so called *Prime Time* (between 8:00 and 11:00 p.m.) at which the audience is more important. However, the theory developed by time psychologists on circadian orientation predicts that the level of energy the consumers have is likely to be low at that time after a day of work; consequently this low level of energy may negatively impact on the depth of information processing of the advertisements. If this happens to be the case, it is likely that, as shown by Mick (1992), the strength of the relation between the intent to buy, on one hand and A_{AD} (attitude toward the ad) and A_{BD} (attitude toward the brand) on the other hand may also be weak. Consequently, the commercial impact of the ads may substantially be reduced, since advertisements processed shallowly generate lesser intent to buy and less sales.

Our paper focuses on the following strategic question: do advertisements bring about higher scores of intent to buy at a certain time of the day (TD)? This question involves a corollary consumer characteristic, the circadian orientation (CO), that is the time of the day at which a specific individual reaches his/her peak of energy. In other words, are morning-oriented consumers more likely to generate a higher intent to buy when exposed to advertisements they find convincing in the morning than in the evening? Conversely for the evening-oriented consumers.

In the following literature review, we shall focus on the cognitive effects of both TD and CO relevant to consumers processes. We then propose that TD and CO impact significantly on the *strength* of the relation between the attitudes generated by the advertisement (A_{AD} and A_{BD}) and the intent to buy advertised product.

IMPACT OF TIME OF DAY AND CIRCADIAN ORIENTATION ON INFORMATION PROCESSING

Time of Day (TD) and Information Processing (IP)

Keeping consumers at a minimal level of arousal is a major challenge of advertisers, since the very processing of advertisements depends at least partially on their active processing of the advertisements. As proposed by MacInnis and Jaworski (1989), arousal is one of the three antecedents of attention, which is itself an antecedent of advertisements information processing (IP).

Circadian cycle (that is the cycle of energy, arousal, tension and the physiological correlates) is a key antecedent of arousal. Hornik (1988) shows that the immediate recall and recognition of advertisements decline across the day and delayed recognition is higher in the late afternoon than early morning. He proposes the idea that higher levels of arousal are beneficial to the efficient retrieval of information stored in memory. In other words, when

consumers are at the peak of their Circadian Cycle, enough energy is available to retrieve and store the advertised information. These results, which happen to be the only ones available in the field of advertising relating TD and IP, suggest that consumers adopt different information processing strategies in the morning and in the late afternoon and that their strategies also depend on their circadian orientation.

Types of Circadian Orientations

Most time psychologists tend to classify individual circadian orientations into two categories: morning-type (M-type) and evening-type (E-type). While morning-oriented persons go to bed early, rise early, and exhibit peaks of arousal (called acrophase) between morning and early afternoon, evening-oriented persons go to bed later, wake up later, and reach their acrophase between the end of the afternoon and the beginning of the evening (Åkerstedt & Fröberg, 1976; Foret & al., 1982; Horne & Östberg, 1976; Kerkhof, 1985; Pátkai, 1971). The variation of arousal is related to some physiological phenomena such as the post peak temperature (Horne and Östberg, 1976). More importantly circadian orientation is related to preference to accomplish certain activities at certain time of the day (Monk, Leng, Folkard & Weitzman, 1983). Circadian orientation consequently also affects sensations of fatigue and alertness at certain time of the day (Bodenhausen, 1990). These findings explain why circadian orientation has also been found to affect cognitive activity, which is to be reviewed in the next section.

Effects of Circadian Orientation on Consumers' Cognitive Activity

Folkard (1975) found that the speed of logical reasoning increases between 8:00 a.m. and 2:00 p.m. and then decreases late in the afternoon. Similarly, Skinner (1985) found that for school performance, mean grades in morning classes were significantly lower than those in afternoon and evening classes. Folkard reasoned that the memory capacity was *first* stimulated by increasing arousal. It was *then* reduced once a certain threshold was reached. From that point on, the processing speed was not sufficient for the level of information that was to be processed. These results may be understood in light of Thayer's (1978) model of activation which holds that

beyond a certain *tension* threshold, a consumer's level of energy decreases to a point where his/her motivation to process information becomes too low for deep IP. The results are also suggestive of the existence of a threshold in arousal as proposed in Mehrabian and Russell (1974). In other words, the daily cycle may be divided in a *discrete* way, that is before and after individuals reach thresholds of arousal. Further researches show that such thresholds depend however on the individual's own circadian cycle by Bodenhausen (1990).

Bodenhausen (1990) found that morning-oriented subjects had more stereotypical biases in their judgments when rendered in the evening, and conversely for evening-oriented individuals. Since stereotypes are judgmental heuristics used to simplify IP, these results suggest that consumers process information at more superficial levels at their acrophase. Consequently, the interactive effects of Circadian cycles (CC) and Time of the Day (TD) on individual cognitive processes deserve more attention.

Interactive Effects of Circadian Orientation and Time of the Day

Pátkai (1971) found that morning-oriented workers had a rather steady performance throughout the day while evening-oriented counterparts performed at their best in the evening. For morning-oriented workers, the most effective time for intellectual work was between 8:00 and 12:00 a.m. For evening-oriented workers, the most effective time was between 9:00 and 12:00 p.m. Pátkai's (1971) results also suggest that morning-oriented subjects feel more alert and efficient between 7:30 and 11:00 a.m., whereas evening-oriented subjects feel so between 11:00 a.m. and 10:00 p.m. Horne, Brass and Pettitt (1980) show a similar pattern of results in the context of a mistake-detecting task. Morning-oriented individuals had better rejection scores than evening-oriented individuals in the morning, and conversely in the evening. Moreover, evening-oriented individuals improved their scores throughout the day while the morning type individuals showed a general decline.

It may be then concluded from this brief review of the time psychology literature that circadian orientation and time of the day have interactive effects on some cognitive activities,

that is attention, memory and depth of information processing. As for the depth of information processing (IP), consumer research literature shows that it plays a central role in the persuasive efficacy of advertisements. This is what will be reviewed in the next section.

Depth of IP and the Strength of the Relation between Intent to Buy and A_{ad} , A_{bd}

Mick (1992) shows that the deeper the IP the stronger the relations between the intent to buy and the attitudes toward the message and toward the brand. Mick proposes a model of information processing including four levels of subjective comprehension that can be regrouped as surface comprehension levels (level 1 and 2) and deep comprehension levels (level 3 and 4). Surface levels concern mental associations related to message assertions and logical implications while deep level reflects activation of relevant knowledge structures producing elaborated meaning for the stimulus information. He shows that "comprehension levels 3 and 4 have positive and stronger relations with attitude polarization as compared with levels 1 and 2, which are nonsignificant" (Mick, 1992: 419); in particular, at levels 3 and 4, the relation between the intention to buy, on one hand, and the attitudes toward the advertisements and the brand, on the other hand, are stronger than at levels 1 and 2.

The following general hypothesis is then proposed: since information processing depends on both the Time of the Day (TD) and the individual Circadian Orientation (CO), and since the depth of information processing impacts on the strength of the relation between A_{ad} , A_{bd} and Intent to Buy, it is likely that the *strength* of the effects of A_{ad} and A_{bd} on the Intent to Buy also depends on the interactive effects of TD and CO. The general hypothesis is developed in the next section.

HYPOTHESES

H1: For morning-oriented consumers, the relations between the intent to buy the advertised product on one hand and a) the attitudes toward the ad and b) the attitudes toward the brand on the other hand are significantly stronger in the morning.

H2: For evening-oriented consumers, the relations between the intent to buy the adver-

tised product on one hand and (a) the attitudes toward the ad, and (b) the attitudes toward the brand on the other hand are significantly stronger in the evening.

METHOD

Procedure

The sample was composed of 117 undergraduate students of a major Northeastern business school whose age ranged from 19 to 52 years old with a mean of 28 and 70.1% of them were female subjects. They were exposed to the same set of print advertisements on financial services offered by a (mock) bank; approximately one half were exposed to the ads in the morning (10:00 a.m.) and the remaining in the evening (8:30 p.m.). After three and a half minutes of exposure, subjects were told to answer the questionnaire. To make sure that the experimental protocol was respected, two trained students were present at every moment in the tested classroom to verify that the experimental procedure was respected.

The advertisements were presented on the right side of an 8 1/2" X 14" sheet of paper depicting a page of a well known local business magazine. On the left side of the page, appeared a real newspaper article. It occupied 5/8 of the page and served as a distractor. After three and a half minutes had elapsed, subjects were told to turn the page face down and to answer the questionnaire without further reference to the ad. In order to cancel the linguistic variability between advertisements, all advertisements had similar linguistic characteristics: in terms of number of words (between 163 and 168), average word length (between 4.7 and 4.8), average sentence length (between 24.6 and 26.4 words), Gunning legibility index (between 12.9 and 13.8) and number of propositions (between 24 and 23).

Questionnaire

1 - Circadian Orientation

The morningness-eveningness scale by Smith, Reilly and Midkiff (1989) was used to assess each respondent's circadian orientation. This scale originates from several scales conceived by Horne and Östberg (1976), Torsvall and Åkerstedt (1980), and Folkard, Monk and Lobban (1975). The 13 item scale

was presented in a Likert type format. The Cronbach's alpha proved to be high (.82). The morningness-eveningness score was dichotomized at the median in order to distinguish between "morning-oriented"-vs-"evening-oriented" circadian orientation (CO) of the consumers.

2 - Attitude toward the Ad (A_{AD})

The attitude toward the advertisement was captured on a nine-item semantic differential type scale ranging from (-3) to (+3) where the zero value represented a neutral opinion. A factor analysis with an "oblimin" rotation was performed: the factor analysis revealed two factors explaining 56% of the variance. The first factor represents the *affective* dimension of the attitude toward the ad and explains 44% of the variance. The second factor represents the *cognitive* dimension of the attitude and explains 11% of the variance. Cronbach's alphas of the affective and cognitive factors are respectively .74 and .78.

3 - Attitude toward the Brand (A_{BD})

The attitude toward the brand was captured by eight items following a semantic differential type scale. Six items were ranging from (+3) to (-3) and two from (-3) to (+3). A factor analysis using an "oblimin" rotation shows two factors. The first factor represents the *affective* dimension of the attitude toward the brand and explains 60% of the variance. The second factor represents the *cognitive* dimension and accounts for 13% of the variance. Cronbach's alphas of the affective and cognitive factors are respectively .90 and .60.

4 - Intent to Buy

The behavioral intentions were captured by three questions (willingness to buy; likelihood to buy and willingness to recommend to friends) using a semantic differential type scale ranging from (-3) to (+3); Cronbach's alpha is .7.

RESULTS

In order to test H1 and H2, a series of *general factorial* analyses of variance was performed. The dependent variable was the *A*intent to buy; the independent variables were the

(dichotomized) CO; the attitudes generated by the advertisements (A_{AD1} , A_{AD2} , A_{BD1} and A_{BD2}) were used as covariates (only one of the four attitudes served as a covariate for each of the ANOVA's). The effects of the two independent variables, the covariate and the interactions of the variables and the covariates were tested in the *general factorial* ANOVA's.

The *interactive* effects of the independent variable(s) and one of the attitudes on the intent to buy are shown in **Table 1**:

- there are *no* significant two-way effects of circadian orientation (CO) and the attitudes (A_{AD1} , A_{AD2} , A_{BD1} and A_{BD2}).
- all the two-way effects of time of day (TD) and the attitudes are significant.
- the three-way interaction (CO x TD x A_{AD1} and CO x TD x A_{BD1}) related to the *affective* dimensions of the attitudes are *not* significant, whereas the *cognitive* counterparts (CO X TD X A_{AD2} and CO X TD X A_{BD2}) are significant.

Since these results show four significant interactive effects with TD, the correlation between intent to buy, on one hand, and A_{AD1} , A_{AD2} , A_{BD1} and A_{BD2} , on the other hand, were computed. In all four cases, the correlations are higher in the morning than in the evening (see **Table 2**).

Since the results of **Table 1** also show two 3-way significant interactive effects (CO X TD X A_{AD2} and CO X TD X A_{BD2}), we investigated for which combinations of time of day (morning vs. evening) and circadian orientation (morning orientation vs. evening orientation), the highest (and lowest) correlation occurred.

In order to identify at what time of the day and for which type of circadian orientation the relation between the intent to buy and the attitudes was stronger, the correlation between these variables were computed (see **Table 3**). In the morning condition, the relations between intent to buy and both A_{AD2} and A_{BD2} are stronger for morning-oriented consumers, than for evening-oriented consumers. Conversely, in the evening condition, the relations are significantly stronger for evening-oriented consumers than for the morning-oriented consumers.

TABLE 1
Summary of results from *general factorial* analysis of variance:
Effects of the Circadian Orientation (CO), Time of Day (TD) and
the Attitudes generated by the advertisement on the Intent to Buy

Independent variables →	Circ. Orient. (CO)		Time of Day (TD)		CO X TD	
	F	P	F	P	F	P
A_{AD1} (aff.)	2.41	0.09	7.45	0.008	1.84	0.065
A_{AD2} (cogn.)	2.21	0.11	6.31	0.01	4.77	0.01
A_{B1} (aff.)	0.10	0.90	7.98	0.006	0.98	0.38
A_{B2} (cogn.)	0.02	0.98	5.11	0.03	3.7	0.028

TABLE 2
Correlations Between the Intent to Buy and the Four Attitudes
(A_{AAD1}, A_{AAD2}, A_{BD1} and A_{BD2}) in the Morning and in the Evening Conditions

Condition			A _{AD1}	A _{AD2}	A _{BD1}	A _{BD2}
Morning Condition	(N = 63)	Intent	.60 (.000)	.57 (.000)	.54 (.000)	.52 (.000)
Evening Condition	(N = 49)	Intent	.50 (.014)	.35 (.014)	.41 (.004)	.48 (.001)

TABLE 3
Correlations Between Intent to Buy and Attitudes A_{AAD2} and A_{BD2}
in the Morning and in the Evening for Morning-vs-Evening-Oriented Consumers

Morning-Oriented Consumers				Evening-oriented consumers	
Morning Condition	R	p		R	p
A _{AD2} (COGN.)	.8039	(.000)		.5335	(.049)
A _{BD2} (COGN.)	.6212	(.000)		.3512	(.218)
Morning-Oriented Consumers				Evening-oriented consumers	
Evening Condition	R	p		R	p
A _{AD2} (COGN.)	.3625	(.089)		.7351	(.000)
A _{BD2} (COGN.)	.0787	(.790)		.7902	(.000)

Briefly stated, the two hypotheses are verified only for the *cognitive* dimensions of the attitudes. In other words, the relations between the cognitive dimensions of the attitudes and the intent to buy the advertised product are stronger when consumers are at the peak of their own circadian cycle.

CONCLUSION

Confirming the Time Psychology Literature and Mick's Model

The hypotheses based upon the time psychology literature are basically supported. The effects of the attitudes (toward the ad and the brand) impact on the intent to buy more strongly in the morning than in the evening and this impact is even greater when the circadian orientation is taken into consideration in the analysis. More precisely, our results point out that *only* the effects of the *cognitive* dimensions of A_{AD} and A_{BD} on the intent to buy are significantly stronger when consumers are at the peak of their circadian cycles. The relation between attitudes toward the advertisement and toward the brand is shown to be significantly stronger in the morning than in the evening (although in the evening it is still significant). In addition, this relation is all the stronger for morning-oriented individuals in the morning and for evening-oriented individuals in the evening. As already mentioned, this can be explained by the more intense cognitive activity of consumers exposed to ads at the peak of their circadian cycle. As Mick (1992) proposed the more intense the information processing the stronger the effects of the attitudes on the intent to buy.

Confirming Hornik's Results and Need to Research beyond Them

Our results indirectly confirm that time of the day impacts on consumers IP, as shown by Hornik (1988). The present study shows that it also impacts on the *strength* of the effects of A_{AD} and A_{BD} on the intent to buy. Our results suggest that the impact of time of the day *and* the circadian orientation deserve more attention than it already had in the marketing literature with the exception of Marquis, Dubé and Chebat (1994) who showed that the service quality was perceived better by morning-oriented individuals especially in the morning.

Effects on Advertising Strategies

Since the relation between intent to buy and the *cognitive* dimensions of attitudes generated by the ad is stronger in the morning for morning-oriented consumers, and conversely, for evening-oriented consumers in the evening, advertisers should be aware that the impact of their ads is more significant when consumers are exposed to their messages at the peak of their circadian cycle.

A Methodological Warning

Our results may also serve as a methodological warning: researchers whose studies imply cognitive processes should control for the time of the day at which the experiments take place *and* for the circadian orientation of their subjects since the strength of the relations which include cognitive variables tends to vary with the interaction of these two variables.

Research Limitations and Future Research

Subjects were exposed to print advertisements. It should be interesting to research the effects of TD and CO on broadcast advertisements since the concept of *Prime Time* applies to such communication strategies. The advertisements focus on financial services, which is a second limitation: a broader scope of advertisements would have contributed to test the degree to which our present results are general.

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NEGATIVE COMPARISON ADVERTISING: A LEGAL MINEFIELD

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ABSTRACT

Comparative advertising has proven to be very effective for a number of advertisers. However, the possible fundamental issues, reasoning, and basis for legal action that could

expose a firm to expensive litigation should provoke more than a little caution before using negative advertising approaches, whatever their effectiveness might be.

INTRODUCTION

Commercial speech has, for better or worse, been accorded a secondary status with respect to First Amendment protections (Cutler & Muehling 1991, 1989; Middleton 1991). The continuing interest in comparative advertising (Burton 1983; Gotlieb & Sarel 1991; Levy 1987; Muehling, Stoltman & Grossbart 1990; and Muehling 1987), especially the successes of negative advertising in the political arena, where it is protected, presents a dangerous temptation that has little to do with the issues of effectiveness addressed by James & Hensel (1991). The use of negative comparison advertising in commercial speech is a legal minefield that one traverses at their peril in our increasingly litigious society.

All advertising can to some extent be considered, at the very least, *implicitly* comparative because the appeals are generally designed to communicate some advantage over competing products (or candidates or causes, or whatever). However, the legal issues are most apt to cause concern with *comparison advertising*, the type of advertising that was the focus of the worldwide study by Boddewyn and Marton (1978 pp.5-7). They describe three features of *truly comparative advertising* (Wilkie and Farris, 1974; McDougall, 1976): (1) two or more specifically named or recognizably demonstrated brands of a product or service are compared; (2) the comparison is based on one or more attributes of the good or service; and (3) it is either stated or implied or demonstrated

that factual information has been gathered as a basis for the comparative claims(s). For purposes of this discussion, the above criteria define the category of *comparison* advertising. *Negative comparison advertising* meets the above criteria and includes stating, suggesting or implying negative characteristics attributable to the competing brand(s).

There are nine possible legal causes of action which involve such comparison advertising. Six are common law causes of action and three are statutory. The six common law causes of action are:

1. misappropriation constituting unfair competition;
2. trademark dilution;
3. interference with business or contractual relations;
4. common law false advertising;
5. trade libel or commercial defamation; and
6. common law disparagement or injurious falsehood.

Of the three statutory causes of action, two are at the federal level, under either the Federal Trade Commission Act for unfair competition or under the Lanham Act for false advertising or trademark infringement, and one is at the state level under comparative advertising and disparagement, provided that the state of jurisdiction has adopted the Uniform Deceptive Practices Act.

COMMON LAW CAUSES OF ACTION

Misappropriation Constituting Unfair Competition

The theory behind misappropriation in advertising as a method of unfair competition assumes that when one competitor uses another's trademark in their advertising it potentially constitutes riding on the coattails of the competitor's popularity, regardless whether or not this causes confusion or dilution of the trademark. The theory rests on the premise that the competitor has gone through the considerable effort of building a reputation and popularity and a competitor could simply reap the benefits of those efforts by using the other competitor's trademark in their advertising.

The most common example of such a situation can be found in the perfume industry where a number of perfume manufacturing companies simulate very popular and expensive perfumes. These simulating companies then proceed to advertise their products in such a way as to take advantage of the popularity of the perfumes which they are imitating. In a recent example from the Ninth Circuit Court, involving Shalimar perfume, the simulating company made a fragrance known as "Fragrance S." In their advertising, they stated "If you like Shalimar, you'll love Fragrance S."

Legal recourse against such *misappropriation* seems to be rather limited now by the courts. A number of courts have held that there must be an accompanying trademark infringement, false advertising, likelihood of confusion of source, or other misrepresentation of advertising. In fact, there now appears to be a conditional privilege with regard to misappropriating the goodwill of another competing product, and it seems to extend under some circumstances to the area of trademark dilution. We will discuss this apparent privilege after defining trademark dilution.

Trademark Dilution

The second of the common law causes of action, trademark dilution, states that comparison advertising which uses the trademark or symbol of a competitor will not only take advantage of that competitor's popularity or misappropriate that competitor's popularity, but may also tend to tarnish that competitor's

trademark. The latter charge would be even more likely with negative comparison advertising. This theory presupposes that by using the trademark of your competitor in association with your product, you will weaken the association between the trademark and the competitor's product or you will lessen its impact on the community.

As stated above, legal remedies for both of the above causes of action, misappropriation and trademark dilution, have been limited by the courts. A very old Supreme Court case from 1910 states the principle behind this limitation. The representative quote from that case is:

. . . The defendants have a right to tell the public what they are doing and to get whatever share they can in the popularity of the plaintiff's product by advertising that they are trying to make the same article, and think they succeed. Saxlehner v. Wagner, 216 U.S. 375 (191).

As a result of this view favoring competition, there is a privilege which allows using your competitor's name or trademark. But there are three limitations on this privilege. You cannot sell your product under their name as being your competitor's, whether you do so deliberately or whether this results by misleading advertising. You cannot use gratuitous or bad taste disparagement of their product while using their trademark, hence this article's caution against negative comparison advertising. And, finally, if you state facts with regard to their product or your product in comparison with their product, these facts must be material, accurate, and substantiated.

The determination of what exactly constitutes "factual statements" is clouded by the Puffing Rule. A popular quote by Dean Prosser often cited in cases in this area sums up the Puffing Rule:

. . . The "puffing" rule amounts to a seller's privilege to lie his head off, so long as he says nothing specific, on the theory that no reasonable man would believe him, or that no reasonable man would be influenced by such talk. Prosser and Keeton on the Law of Torts, (Fifth Ed. 1984).

Competitors are routinely allowed to make general statements alleging that their product is superior or that their product is the "best," and so on, under the protection of the "puffing" rule, even though some evidence exists that advertising puffery can be effectively communicated, and puffed claims are frequently believed to be true (Kamins & Marks 1987). If evidence similar to that reported by these authors continues to accumulate, the courts may be forced to revisit the reasonable-man believability and influence-basis for the rule.

Until then, these limitations basically result in removing misappropriation or trademark dilution as feasible or winnable causes of action without some other compounding violation such as trademark infringement or false advertising. However, if a competitor specifically states a fact, such as "Anacin is a faster pain reliever than Tylenol," this would constitute a statement not protected by the puffing rule. If a material statement of fact is not protected by the puffing rule, then, again, it must be accurate and substantiated.

Interference With Business or Contractual Relations

The third, but very infrequently used, common law cause of action is interference with business or contractual relations. This cause of action requires a finding of direct causation and injury, which is why it is such a difficult cause of action on which to succeed. The plaintiff must prove concretely that the defendant's advertisements had directly caused a loss of business. Given the difficulty that advertising effectiveness studies have in proving that advertising directly causes an increase in business, it is easy to see how this type of complaint might be problematic. One of the most popular cases in this area was Zerpol Corporation v. DMP Corporation, 561 F. Supp. 404 (E.D. Pa 1983).

Common Law False Advertising

The fourth possible cause of action is common law false advertising. The rule is stated in American Washboard Company v. Saginaw Mfg. Co., 103 F. 281 (6 Cir 1900), and Mosler Safe Company v. Ely-Norris Company, 273 U.S. 132 (1927). Essentially, the rule is that a plaintiff cannot sue for false advertising unless he can either prove that he

has such a monopoly of the market that he must have been injured by the false advertising or that the defendant has tried to pass off his product as that of the plaintiff. As stated in Smith-Victor Corporation v. Sylvania Electric Products Incorporated:

. . . [T]he crux of the reasoning in these two opinions is that, in an open market, it is generally impossible for the plaintiff to prove that a customer, who may have been diverted from the plaintiff and to the defendant by means of false advertising, would have bought the goods of the plaintiff if the advertisements of the defendant had been truthful; in other words, the plaintiff cannot show that he has been damaged. 242 F. Supp. 302 (1965).

This appears to be the seminal case in the area as it not only deals with false advertising, but also with the Lanham Act and common-law disparagement. It has also been cited in a number of legal treatises when discussing this area of the law.

Trade Libel or Commercial Defamation

The fifth type of common law cause of action is trade libel or commercial defamation. The seminal case in this area is Zerpol Corporation v. DMP Corporation, 561 F. Supp. 404 (D.C.E.C.Pa. 1983). This case discusses and contrasts the differences between defamation of a corporation (or trade libel) and disparagement. In defamation, it is the character of the business itself, or one of its employees or officers that is attacked; whereas in disparagement, it is the product itself or the quality of the product which is attacked. A defamatory statement is one that "*tends to harm the reputation of another as to lower him in the estimation of the community or to deter third persons from associating or dealing with him.*" Restatement (2nd) of Torts Section 559.

Dean Prosser (W.P. KEETON, et. al. Prosser and Keeton on the Law of Torts, Section 112 at 779 Fifth Ed. 1984) states that, "*commercial defamation may be achieved by close language which casts aspersion upon its honesty, credit, efficiency or other business character.*" Prosser also states that the general rule represented in cases on this area is that "*no proof of any actual harmed reputation or any other damages*

is required for the recovery of nominal or substantial damages." Occasionally, it has been held that even comments about the quality of the products can be considered defamation. It is difficult to imagine negative comparison advertising that would not be vulnerable under such definitions. For example, in Harwood Pharm. Company v. Nat'l Broadcasting Company, 214 N.Y.S. 2d 725 (Ct. of App. N.Y. 1961), one competitor stated that their competitor's product had a habit-forming quality. These statements were held to be libelous per se, and no special proof of damages was required.

Common Law Disparagement or Injurious Falsehood

The sixth and final common law cause of action is disparagement or injurious falsehood. This is the most likely cause of action in negative comparison advertising situations because when one competitor attacks the other competitor, they do not attack the other competitor directly but rather the product. The case law in the area of common law disparagement relies on six basic elements:

1. a false statement;
2. published by some means to a third party;
3. derogatory or damaging to plaintiff with regard to the quality of his product or to his business in general or even to some element of his personal affairs;
4. which the publisher intends to cause or reasonably should recognize will result in pecuniary loss;
5. which is published with malice or which the publisher either knows is false or acts in reckless disregard of whether or not it is true or false; and
6. which actually does result in pecuniary damage or special damages which must be proven.

In addition to the six elements above, as stated in the Sylvania case (*supra*): "*in order to bring a suit for disparagement, the plaintiff must allege and prove that (a) the statements refer to the plaintiff by name or the public knew*

that the statements refer to the plaintiff; and (b) statements were made by the defendant which disparaged the plaintiff or its product." 242 F. Supp. 302, 307 (1965) (citing National Refining Company v. Benzo Gas Motor Fuel Company, 20 F. 2d 763, 767 (8th Cir. 1927).

Both Sylvania and National Refining set out three classes of statements which can be actionable for disparagement, the first of which is also actionable as defamation:

1. Those which referred to the rival's goods and imputed to the rival's dishonesty or reprehensive business methods in connection with the goods; here it is not necessary to allege special damages since some damage can be presumed;
2. Those where the statement concerns the quality of the goods without attributing dishonest or reprehensible business methods to the manufacturer, in which case special damages had to be alleged in order to prove that the statements were, in fact, damaging; and
3. Those where the alleged libelous statements amount to no more than assertions by one tradesman that his goods are superior to those of his rival. Here no recovery can be had, though the statements are false and malicious, and those special damages alleged.

All the above elements must be proved and the statement cannot just merely be puffing as discussed earlier nor merely factually incorrect comparisons, provided that those factual statements do not amount to false advertising by specifically attributing certain qualities to one's product.

STATUTORY CAUSES OF ACTION

Unfair Competition Under the Federal Trade Commission Act

The first possible action under statutory law would be unfair competition under the Federal Trade Commission Act. In order to bring an action here, however, one must get the Federal Trade Commission to bring that action which is not open to private individuals. Basically, for an action under the FTCA, any of the previously

discussed common law causes of action can be alleged as an unfair-competition method. Consequently, there are potentially twelve legal exposures, the six as common law actions or the same six as unfair competition. However, it should be noted that there are three differences:

1. There is a split among the circuits with regard to false advertising as to whether or not palming off is required (whether you need to have either a palming off or a monopoly) as is required by the common law false advertising action. There does not appear to be any case law that would require taking one side or the other.
2. Unlike common law false advertising, the FTC need not find specific damages to any given competitor, as the Supreme Court stated:

*. . . One of the objects of the **Act** creating the Federal Trade Commission was to prevent the potential injury by stopping unfair methods on competition in their incipiency. . . when the Commission finds . . . misleading and deceptive statements were made with reference to the quality of merchandise in active competition with the merchandise, it is authorized to infer that trade will be diverted from its competitors who do not engage in such 'unfair methods' Federal Trade Commission v. Raladam Co., 316 U.S. 149 (1942).*

3. The final difference is that the FTC highly favors competition and hence will usually not find an action for misappropriation, trademark dilution, or trademark infringement. As for disparagement, defamation, and false advertising, the FTC's "in good taste" requirement means you cannot be disparaging or defamatory, and the requirement for material, accurate and substantial facts is self-explanatory.

False Advertising or Trademark Infringement Under the Lanham Act

The second possible action under statutory law would be to allege false advertising under the Lanham Act. In this situation, a private individual can bring the action. The Lanham Act states in pertinent part:

. . . Any person who shall . . . use in connection with any goods . . . any false description or representation, including words or symbols tending to falsely describe or represent the same, and shall cause such goods . . . to enter into commerce, and any person who shall, with knowledge of the falsity of such . . . description or representation cause or procure the same to be transported or used in commerce . . . shall be liable to civil action by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

There are five elements to state a false advertising claim under the Lanham Act, as highlighted in the Skil Corp. v. Rockwell International Corp. case 375 F. Supp. 777, 783 (N.D. Ill. 1974):

1. a defendant must make false statements about his own product either directly lying about his product, making misleading statements about his product, or by not stating a material fact with regard to his product;
2. the advertisements based on these false statements must either actually deceive or be likely to deceive a substantial segment of the market to which they are directed;
3. this false representation must be material and be likely to influence purchasing decisions;
4. by some method defendant markets his product, enters his product into interstate commerce, and so on; and

5. the plaintiff either has been or is likely to be injured as a result of this deceptive advertising or false representation. This injury can include a lessening of the goodwill of plaintiff's products.

The seminal case on this area with the Lanham Act is American Home Product Corporation v. Johnson & Johnson, 436 F. Supp. 785 (1977) (hereinafter Tylenol). That case reveals that there are five factors which will affect whether or not the FTC decides that there was a reasonable basis for a product claim under the Lanham Act:

1. the type and specificity of the claim made - e.g., safety, efficacy, dietary, health, medical, etc.;
2. the type of product - e.g., food, drug, potentially hazardous consumer product, other consumer products;
3. the possible consequences of a false claim - e.g., personal injury, property damage;
4. the degree of reliance by consumers on the claim; and
5. the type, and accessibility, of evidence adequate to form a reasonable basis for making the particular claims.

The court stated that this test of reasonableness on the statement made must be determined on a case by case basis. The reasons in the Tylenol case, as stated by the court, were that *"by claiming, (1) that Anacin is a superior analgesic to Tylenol generally, and (2) that Anacin is a superior analgesic to Tylenol for conditions which are associated with inflammation or have inflammatory components,"* it was held that Anacin had made false representations about the qualities or properties of its product because, in fact, Anacin is equally as effective as Tylenol neither more so nor less so.

The court specifically did not deal with the issue of *"whether a competitor could succeed on a Lanham Act claim by showing that there was no reliable evidence to support the representation, even though the competitor could not itself affirmatively prove that the claim was false or tended to misrepresent the product."* The reason the court did not deal with this

situation is because, in the Anacin case, they could conclusively prove that the claim was false. However, this dictum would seem to suggest that even if you could not prove a claim was false, it might be possible to bring a claim under the Lanham Act.

Comparative Advertising and Disparagement under the Uniform Deceptive Practices Act

The final cause of action in which one may find relief is the Uniform Deceptive Trade Practices Act, provided that the state of jurisdiction has adopted it. A person engages in a deceptive trade practice when, in the course of his business, vocation, or occupation, he disparages the goods, services, or business of another by false representation of facts. Proof of monetary damage or loss of profits is not required, and a complainant need not prove competition between the parties. In most instances, the relief afforded by these statutes are in addition to any and all others. In other words, a state's adoption does not affect unfair trade practices otherwise actionable at common law or under other statutes. However, the relief available is normally limited to injunctions and reasonable attorney fees.

CONCLUSIONS

The preceding explication of the fundamental issues, reasoning, and bases for action that could potentially expose a firm to expensive litigation should provoke more than a little caution before using negative advertising approaches, whatever their effectiveness might be. All the issues in a given implementation will seldom be clear cut or free from adverse interpretations. This should be particularly troubling in the newer media, such as the Internet, where extremely sticky issues remain as yet unresolved. This could be an area for further research because the risks are higher even for unintentional negative advertising effects. For example, ignoring the direct and purposeful negative comparison advertising issue per se, suppose a firm in one state that is cleared to use a name in that state puts out a web page advertising its product or company. However, another company in another state has the same brand or name and its customers believe the website belongs to them (with negative consequences). The possible actions under misappropriation, infringement, dilution, etc., could be quite adverse even in the absence of

a negative intent. Neither are the possible adverse interpretations likely to be all that predictable, given the vagaries and biases of our overcrowded court systems. On balance, "positive thinking" adherents would seem to have an undeniable edge in the comparison advertising game, if only because of their significantly reduced exposure to litigation.

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THE EFFECT OF REGULARITY OF PURCHASING AND COUPON FACE VALUE ON PREFERENCE FOR JOINT COUPONS: A PERCEIVED RISK APPROACH

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ABSTRACT

Using Bauer's (1960) theory of perceived risk and past research, this study hypothesizes that the preference for a joint coupon for complementary products over a coupon for a single brand decreases with the degree of risk perceived by the consumer. Also, higher face values result in greater preference for the joint coupon. Further, the increase in preference

with an increase in coupon face value is positively related to the degree of risk perceived by the consumer in purchasing the two brands. Hypotheses are based on the premise that the degree of risk perceived by the consumer is higher for occasional buyers of a brand than for regular buyers of a brand.

INTRODUCTION

Sales promotions are gaining increasing importance as an element of the promotional mix (Belch and Belch 1995). One of the more popular forms of promotional activity directed towards consumers is coupons. Research on coupon promotions has been mainly done in the context of coupons for individual brands. An area that has not been researched is the use of joint coupons for complementary products. Joint coupons offer an attractive promotional alternative for marketers because of their promotional and cost effectiveness. From the consumers' perspective a joint coupon for complementary products might offer additional saving and reduced risk.

Literature concerning coupon promotions has tackled issues on coupon redemption such as the influence of prior probability of buying a brand on coupon redemption (Shoemaker and Tibrewala 1985, and Bawa and Shoemaker 1987), the effect of increasing coupon face value on coupon redemption (Bawa and Shoemaker 1987, 1989), the timing of redemptions (Inman and McAlister 1994), and the types of buyers that are influenced the most by coupons (Krishna and Shoemaker 1991, Shoemaker and Tibrewala 1985). These issues enable managers to know what kind of people redeem coupons and therefore, know what types of brands can benefit from coupon promotions. These studies also enable managers to have a better understanding of what can be accom-

plished using higher coupon face values. For example, if coupons are used primarily by regular users of a brand, the manufacturers profitability from the coupon promotion could be reduced. Given the potential for joint coupons, it may be necessary to study the same issues in the context of joint coupons.

Brand managers have the option of using a coupon for their own brand or collaborating with a complementary product to distribute a joint coupon. For example, the brand manager for Pillsbury cake mixes (PCM) can distribute coupons for PCM alone or can join with Pillsbury cake frosting (PCF) and have a joint coupon for PCM and PCF. In deciding which option to choose, brand managers would want to know how consumers would react to these two types of coupons -- one for only one brand and the other, a joint coupon requiring purchase of two brands. In other words, which coupon would consumers prefer? Therefore, the focus of this study is on consumers' preference for a joint coupon for complementary products over a coupon for a single brand.

In this study, we use the theory of perceived risk (Bauer 1960) and findings from past couponing literature to hypothesize the effect of coupon face value and regularity of buying the two participating brands on preference for a joint coupon for complementary products over a single brand coupon. We, also, hypothesize the relative preference changes among regular and occasional buyers of the two participating

brands. Hypotheses are tested by asking respondents to choose between hypothetical choices -- one for a joint coupon for waffles or syrup, and the other a coupon for waffles or syrup. Each choice set is changed by varying the respondents regularity of purchase and the coupon face value for the joint coupon. It is important to position this study in relation to earlier studies relating to coupon promotions. Firstly, while earlier studies have primarily concentrated on coupon redemption or probability of coupon redemption for a brand (Shoemaker and Tibrewala, 1985, Bawa and Shoemaker 1987), this study concentrates on preference for a joint coupon over a single brand coupon. Secondly, the issues studied in past research involved coupons (and perceived risk) for a single brand whereas the focus in this study is on joint coupons (and perceived risk) for complementary products. In other words, this research builds on the earlier research related to coupon promotions and extends it to study coupon promotions in the context of joint coupons for complementary products.

HYPOTHESES

Theory and past research suggest that coupon redemptions are higher for regular (loyal) buyers of a brand than for occasional (infrequent) buyers. Bauer's (1960) theory of perceived risk suggests that there is little or no risk involved in using the coupon for a regular buyer of a brand. These consumers have extensive experience with the brand, have trust in its performance, and know there is little chance of being disappointed (Shoemaker and Tibrewala 1985). However, occasional users might prefer another brand or may not know whether the promoted brand will perform satisfactorily. This may influence the occasional buyer of the brand not to redeem its coupon. Therefore, the occasional buyers perceive more risk in buying a brand than regular buyers.

In the case of a joint coupon for complementary products, the consumer perceives risk in the purchase of two different products. The regular buyers of both the brands will perceive less risk than others who are occasional buyers of either one or both the brands. Further, regular buyers of one brand and irregular buyers of the other will perceive less risk than occasional buyers of both the brands. In other words, the perceived risk associated with pur-

chasing two brands decreases with the regularity of purchasing the two brands. As a consequence, the incentive that a coupon offers will have a greater impact on regular buyers of both brands (low perceived risk) than on consumers who are regular buyers of one and irregular buyers of the other brand (medium perceived risk). Also, regular buyers would tend to buy them anyway. Further, the effect of coupon promotions on occasional buyers of both brands (high perceived risk) will be lower than that on consumers who are regular buyers of one and occasional buyers of the other brand (medium perceived risk).

Empirical findings from past literature (for single coupons) also support these arguments. Using a field experiment, Bawa and Shoemaker (1987) showed that the probability of redeeming a coupon for a brand was higher for consumers with a higher prepurchase probability of buying that brand (regular users). Also, incremental sales from a coupon promotion were higher for regular users than for irregular users of a brand. Further, Shoemaker and Tibrewala (1985) showed that intentions to redeem are much higher for those who are loyal to the promoted brand for a range of products and brands such as Tide detergent, Kellogg's Corn Flakes, Aim toothpaste, and Joy dish-washing liquid. Therefore, we hypothesize that

H1: Consumer preference for a joint coupon for complementary products is higher among regular buyers of both brands than among regular buyers of one brand and occasional buyers of the other brand; consumer preference is higher among regular buyers of one brand and occasional buyers of the other brand than among irregular buyers of both brands

Using the theory of perceived risk, it can be argued that the perceived risk of buying both the brands would be lower for a joint coupon with a higher face value than for a coupon with a lower face value. In past research, coupon effects have been shown to be greater for higher face values of a coupon than for lower face values. For example, Bawa and Shoemaker (1989) showed that higher the face value, higher the incremental sales. Also, higher the coupon face value, higher is the probability of an individual's redeeming a coupon for the brand (Bawa and Shoemaker 1987). Further, Shoemaker and Tibrewala (1985)

found that stated redemption rates were higher for coupons with higher face values. Therefore, we hypothesize that

H2: Consumer preference for a joint coupon for complementary products over a single coupon is positively related to the face value of the joint coupon

Occasional buyers of the complementary brands perceive greater risk in buying the two brands than regular buyers. With the incentive of a joint coupon for the two complementary brands, the reduction in perceived risk for an occasional buyer should be more than the reduction in perceived risk for a regular buyer. Therefore, the increase in preference with an increase in coupon face value should be the highest among those who perceive the greatest risk, and the least among those who perceive the least risk. In other words, the increase in preference for a joint coupon for complementary products is positively related to level of the consumers' perceived risk.

Empirical findings from past literature support these arguments. For example, coupon redemption rates increase as the face value increases (Krishna and Shoemaker 1991). They hypothesized and showed that the average pre-promotion purchase probability of those who redeem high value coupons will be lower than those who redeem a low value coupon. In other words, non-regular or occasional buyers of a brand are influenced by a high value coupon more than the regular buyers of a brand. In a related study on price promotions, Neslin and Shoemaker (1989) found that a price promotion attracted a disproportionately higher percentage of non-loyal buyers. In the context of price promotion, Krishnamurthi and Raj (1991) found that loyal consumers are less price sensitive in the choice decision and more price sensitive in the quantity decision. Since preference can be considered to be essentially a choice decision, we should expect non-regular or occasional buyers of a brand to be influenced more by a high face value than regular buyers. Therefore, we hypothesize that,

H3: Increase in consumer preference with coupon face value is higher among irregular buyers of both brands than among regular buyers of one brand and occasional buyers of the other brand; increase in consumer preference is higher

among regular buyers of one brand and occasional buyers of the other brand than among regular buyers of both brands .

METHODOLOGY

In order to test the hypotheses, an instrument was constructed to measure preference for a joint coupon for complementary products over a coupon for a single brand and was administered to 80 marketing students from a southern public university. The instrument consisted of hypothetical choice situations between a joint coupon for a waffle brand and a syrup brand (called the joint coupon choice alternative), and a coupon for a syrup brand (called the single coupon choice alternative). The joint coupon choice alternative included information on the number of times of the last five purchase occasions the respondent had bought the waffle brand (which prompted her/him on whether s/he were a regular or occasional buyer of the waffle brand), the number of times of the last five purchase occasions the respondent had bought the syrup brand (which prompted her/him on whether s/he was a regular or occasional buyer of the syrup brand), and the value of the joint coupon for waffles and syrup. The single coupon choice alternative included information on the number of times of the last five purchase occasions s/he had bought the waffle brand (which prompted her/him on whether s/he were a regular or occasional buyer of the waffle brand), and the face value of the syrup coupon (fixed at 50 cents for the syrup brand and 25 cents for the waffles brand). The number of times the brands were bought of the last five purchase occasions was varied at two levels -- one of last five purchases (occasional buyers), four of last five purchases (regular buyers), and the face value of the coupon was varied at three levels -- 50 cents, 75 cents, and one dollar. This classification of buyers into occasional and regular buyers is consistent with past literature (Shoemaker and Tibrewala 1985). Therefore, there were 2 by 2 by 3 (or 12) combinations of the joint promotion to be studied. Similarly, another set of twelve choice situations involving a joint coupon for waffles and syrup, and a single coupon for the waffle brand were administered to the same respondent. Respondents were asked to indicate which of the two choice alternatives (joint coupon or single

coupon) they would prefer given the information for each of the 24 choice sets.

Brand names were not included in the choice description. However, brand effects were controlled by telling the respondents that both the waffle and syrup brands were well known national brands. The order of the choice sets were randomly arranged to eliminate any effects due to order of presentation of the choices. Also, it was ensured that the two alternatives were consistent. That is, in the joint coupon alternative if a respondent was a regular buyer then in the single coupon alternative s/he was a regular buyer in the single coupon alternative as well. The instrument was pretested to ensure that respondents understood their task.

DATA ANALYSIS AND RESULTS

The data collected from each of the 80 respondents included their preference for either the joint coupon or a coupon for a single syrup brand for each of the 12 choice sets (similar data were obtained for 12 choice sets involving preference for either the joint coupon or a coupon for a single waffle brand). Knowing the manipulations of regularity of purchase of each brand for each respondent, and the value of the joint coupon, we cross-tabulated the results and analyzed them. There were 80, 160, and 80 responses in the three groups of choice sets corresponding to low, medium, and high levels of perceived risk. Preference for joint coupons was measured by the proportion of responses indicating preference for the joint coupon over the single coupon. For example, for the 50 cent joint coupon, out of the 80 respondents, 16 respondents said they prefer the joint coupon when they are regular buyers of both the waffle and the syrup brand. Preference percentages were used instead of numbers to help in interpretation because the three groups are not of similar size.

Hypothesis H1 was tested using the Z-test for difference between proportions. [Table 1](#) summarizes the results for hypotheses H1. When the choice set involves a single coupon for a syrup brand, it is found that regular buyers of both brands prefer the joint coupon more than regular buyers of one and irregular buyers of the other. For example, a 50 cent joint coupon generates a 50% preference (for the joint coupon) among regular buyers of the

waffle and syrup brands but only a 26% preference among regular buyers of one brand and occasional buyers of the other brand ($Z = 3.7$, significant at the 5% level). Similarly, for a 75 cent and one dollar joint coupon regular buyers of both brands prefer the joint coupon more than regular buyers of one and occasional buyers of the other ($Z = 1.90$ for a 75 cent coupon, and $Z = 1.80$ for a one dollar coupon, both significant at the 10% level). However, regular buyers of one and irregular buyers of the other do not significantly prefer the joint coupon more than irregular buyers of both brands, although the preferences are in the correct direction.

When the choice set involves a waffle brand, it is found that regular buyers of both brands prefer the joint coupon more than regular buyers of one and occasional buyers of the other ($Z = 2.86$ for a 50 cent coupon, $Z = 2.68$ for a 75 cent coupon, and $Z = 2.61$ for a one dollar coupon respectively; all significant at the 5% level). However, the difference in preferences between regular buyers of one and irregular buyers of the other, and irregular buyers of both brands is not significant.

To summarize, regular buyers of both brands prefer the joint coupon more than regular buyers of one and irregular buyers of the other. However, there is no statistical support to show that regular buyers of one and irregular buyers of the other brand prefer the joint coupon more than irregular buyers of both brands. Therefore, Hypothesis H1 is partially supported.

This finding has some interesting implications. Results indicate that there is a significant difference between preference of consumers who perceive medium and low risk in the purchase of the two brands. However, there is no significant difference between preference of consumers who perceive medium and high risk in the purchase of the two brands. In other words, a consumer who is a regular buyer of both brands has a higher preference than others. However, a consumer who is an irregular buyer of one brand does not have a significantly different preference from another who is an irregular buyer of both brands. The incremental risk involved in the irregular purchase of an additional brand should be investigated in future studies.

TABLE 1
Preference for Joint Coupon by Level of Perceived Risk and Coupon Face Value

Choice set	Coupon face value	% of Respondents Preferring Joint Coupon Over			Z-value for (A) - (B)	Z-value for (B) - (C)
		High Risk (A)	Medium Risk (B)	Low Risk (C)		
Joint coupon vs. syrup coupon	50 cents	0.2	0.26	0.50	ns	3.70 (*)
	75 cents	0.45	0.50	0.63	ns	1.91(**)
	1 dollar	0.65	0.69	0.80	ns	1.80(**)
Joint coupon vs. waffle coupon	50 cents	0.63	0.56	0.75	ns	2.86 (*)
	75 cents	0.83	0.69	0.85	2.32(**)	2.68 (*)
	1 dollar	0.88	0.80	0.93	ns	2.61 (*)

TABLE 2
Preference for Joint Coupon by Coupon Face Value

Choice Set	Face Value of	Preference for	Z-value for increase
Joint coupon vs. syrup coupon	50 cents	0.31	
	75 cents	0.52	3.08 (*)
	1 dollar	0.71	2.90 (*)
Joint coupon vs. waffle coupon	50 cents	0.62	
	75 cents	0.76	2.26 (*)
	1 dollar	0.85	1.71 (**)

For Tables 1 & 2, * and ** = significance at 5% and 10% level, and ns = not significant.

Hypothesis H2 states that consumer preference for a joint coupon is higher with higher values of the joint coupon. [Table 2](#) summarizes the results relating to hypothesis H2. We find that as coupon face value increases so does the preference for a joint coupon over a separate syrup coupon. For example, 31% of the respondents prefer a 50 cent joint coupon for waffles and syrup over a coupon for a syrup brand. This preference increases to 52% and 71% for a 75 cent and one dollar coupon, respectively. The increases in preference with coupon face value from 50 cents to 75 cents,

and 75 cents to one dollar were tested using the Z-test for the difference of proportions. They are all statistically significant at the 5% level of significance (Z = 3.08 and Z = 2.90, respectively). Similarly, preference for a joint coupon over a waffle coupon increases with coupon face value (Z = 2.26, significant at the 5% level, and Z = 1.71, significant at the 10% level). Also, it is found that consumer preference for joint coupons increases with the face value of the joint coupon at all levels of risk perceived by the consumer (refer [Table 1](#)). Therefore, Hypothesis H2 is supported.

TABLE 3
Increase in Preference for Joint Coupon by Level of Perceived Risk

Choice set	Increase in face Value of Joint Coupon	Increase in Preference for Joint Coupon		
		High Risk	Medium Risk	Low Risk
Joint coupon vs. syrup coupon	50 c to 75 c	0.25	0.16	0.13
	75 c to 1 dollar	0.20	0.19	0.17
Joint coupon vs. waffle coupon	50 c to 75 c	0.20	0.13	0.10
	75 c to 1 dollar	0.05	0.11	0.08

Hypothesis H3 states that the increase in preference with an increase in coupon face value is positively related to the level of perceived risk. We analyzed two increases: an increase in coupon value from 50 cents to 75 cents, and from 75 cents to one dollar. **Table 3** summarizes the increases when choices involve the different levels of risk associated with regular and occasional buying of the brands. Since this hypothesis involves testing differences between difference of proportions, the hypothesis were tested by assessing whether the results are in the hypothesized direction. It is found that in general (seven out of eight differences) the results are in the hypothesized direction. For example, for choices between a joint coupon for a waffle and syrup brand and a coupon for a single syrup brand, when the face value increases from 50 cents to 75 cents, preference increases by 25% (from 20% to 45%) among buyers who are irregular buyers of both brands (who perceive high risk). Under similar choice conditions, preference increases by 24% (from 26% to 50%) among regular buyers of one and irregular buyers of the other brand (who perceive medium risk), and 13% (from 50% to 63%) among regular buyers of both brands (who perceive low risk). The other results in **Table 3** can be similarly interpreted. Therefore, Hypothesis H3 is supported.

The results of hypothesis H3 have interesting implications. Results indicate that consumer preference for joint coupons increases with the face value of the joint coupon. However, a breakdown of this increase shows that the increase in consumer preference is the least among consumers who perceive low risk in

buying the two brands or who are regular buyers of the two brands.

DISCUSSION, LIMITATIONS, AND IMPLICATIONS

In this study, we have attempted to test the effects of regularity of purchasing the participating brands and coupon face value on the preference for a joint coupon for complementary products using the theory of "Perceived Risk". The findings should provide inputs to managers on coupon planning issues such as who should joint coupons be targeted to, what is the effect of increasing face values, and what is the effect of increasing coupon values on regular and irregular buyers. The findings also have implications in terms of the method of coupon distribution. For example, if coupons were to be targeted to regular users, on-pack coupons would be the preferred method of distribution. However, if they were to be targeted to irregular buyers then check-out coupons would be the preferred distribution option.

This study has a number of limitations. Respondents were offered a hypothetical choice situation. This weakness could be overcome by conducting a field experiment. The choices were forced on the respondents. In other words, respondents were not given the choice of not using the coupon or the option of saying that they were indifferent between coupons. This could be incorporated in the field experiment. In such a field experiment, coupon redemption could be measured as opposed to preference. Only one product category and one kind of relationship between the two brands (use complementarity) were studied.

Additional product categories and other complementary and non-complementary relationships between the collaborating brands could be studied. Finally, in this study, only regularity of purchase and face value of the coupon were studied. Other behavioral variables such as coupon proneness, and demographic variables such as age, income, and family size could also be incorporated in future research.

In spite of these limitations, this study is important because it recognizes the potential for joint coupons and addresses issues that are relevant to managers in charge of planning coupon promotions. Given the lack of research on joint coupons and joint promotions, and the possibilities of extending coupon promotion research, this study should provide a good beginning for research relating to joint coupons and joint promotions.

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