

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

Harlan E. Spotts *Editor*

Marketing, Technology and Customer Commitment in the New Economy

Proceedings of the 2005 Academy of Marketing Science
(AMS) Annual Conference



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Marketing, Technology and Customer Commitment in the New Economy

Proceedings of the 2005 Academy of Marketing
Science (AMS) Annual Conference



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Editor

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Harlan Spotts, Editor
2005 AMS Conference Proceedings

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 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, 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 the 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 placements process; to conduct discussion 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.
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REALITY EDUCATION: THE MARKETING APPRENTICE

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ABSTRACT

Rarely in the halls of academia would you ever hear, “I’d take this course even if it had no credits!” That is what students said about our Marketing Apprentice Class (The MAC), an active learning course modeled after the television show, *The Apprentice*. The class had teams of students compete against each other on various marketing tasks, which were judged by alumni CEOs, expert judges, and faculty advisors. Media students filmed the marketing teams performing tasks and in the board room. The course was an unqualified success in teaching students to apply marketing concepts to real business problems, and strengthening ties with alumni and the business community.

INTRODUCTION

Actively engaging students in their own learning process is a well-accepted method of effective pedagogy. When students are responsible for discovering and applying concepts to solve problems, they not only enjoy the learning process more, but also better retain the learning. A critical question for educators using active learning techniques then becomes: what framework to use to engage students? This case study describes a framework that was exceptionally engaging and resulted in a learning experience that could not be replicated by typical classroom methods. The framework? A contemporary television reality show – *The Apprentice*.

Active learning has long been recognized as a beneficial method to enhance student learning. In active learning, forms of which include experiential learning, service learning, team learning, and project-based learning, students are responsible for applying concepts and solving problems. Those problems may be simulated (Galea 2001) or real (Dev 1990). The benefits of active learning and/or real-life experience has been recognized by recruiters who tend to place more value on work experience and extracurricular activities than they do on classroom experience (Barr & McNeilly 2002). Across a wide variety of business classes, both at the graduate and undergraduate levels, active learning has been found to result in higher self reports of interest, engagement, and learning, as well as better course outcomes, including higher test scores. Student self reports indicate a more positive attitude toward the project, learning, or course (Schoenbachler, Weilbaker & Ayers 1995; Young, Klemz & Murphy 2003), higher perceptions of competency (Ramocki 1987, Dev 1990), higher perceptions of the course and the instructor (Dommeyer 1986), higher perceptions of learning performance (Young, Klemz & Murphy 2003), and better understanding of the subject (Angelidis, Tomic & Ibrahim 2004). Objective outcomes such as grades (Young, Klemz & Murphy 2003) have also been higher. Active learning in one form or another has been successful in engaging students in a variety of business classes, for example, accounting (Saunders & Christopher 2003), business statistics (Harrington & Schibik 2004), game theory (Sarason & Banbury 2004), economics (Salemi 2002), marketing principles (Hernandez 2002), services marketing (Gremler, Hoffman, Keveaney & Wright 2000), and strategic management (Angelidis, Tomic & Ibrahim 2004).

THE MARKETING APPRENTICE COURSE

Using a television show to engage students is not unusual. While many faculty may use a show as a platform for introducing discussion topics, others incorporate the show’s design as part of the learning experience (Sarason and Banbury 2004). Reality shows have been exceptionally popular with media savvy, contemporary business students, “Gen-Yers.” Thus, using a reality show concept for an experiential learning program seemed to make sense, particularly for a marketing course when the subject of the television show was business related.

In its first season in spring 2004, *The Apprentice* show was a useful platform for engaging classroom discussion about the decisions and behaviors of the contestants. However, as interested as students were in the classroom discussion about *The Apprentice* television show, observing others’ behaviors is a far cry from actually having to perform the same tasks. Thus, some faculty and students began thinking about doing an actual apprentice class. When a casual conversation among these faculty and students turned into a more serious discussion of how this might actually be done, the Marketing Apprentice

Class was born. A critical element to the class was that media studies students from the Department of Communication would film the class, both in the class meetings (boardroom meetings) and during the task performance.

Basic Course Structure

A planning team of four faculty and two students met in April 2004 to sketch out a framework for the course and determine whether and how this experience could meet curricular requirements. Students had to apply for the course with a one page letter explaining why they should be a Marketing Apprentice. The course announcement was made late in the spring semester and thirty students applied for the course. Sixteen were selected as players, with two alternates. Students were selected based on evidence of creativity, work experiences, enthusiasm, and motivation in their application letter.

The balance of the class details were discussed and decided during the summer. The apprentice tasks were confirmed, the CEOs were recruited, a course syllabus was developed, and class session procedures were decided. The selection of the CEOs was critical. We wanted marketing alumni who would make the time commitment to come to the Monday night classes, provide insights into the corporate experience, add educational value, and add fun. Two were selected to act as the weekly divisional CEOs, and another two would be the CEOs for the final task. At this time, we also contacted businesses to see if they would be interested in sponsoring the weekly tasks.

Ten media students enrolled for a three-credit, independent study class videotaped the weekly board meetings and the four marketing teams performing their tasks. The undergraduate production students made a 10-minute video for each marketing team each week. Two graduate students produced, directed, and edited the weekly board meetings, producing a 10-15 minute video of each board meeting.

A website described the class, and had links to bios of the marketing students and video crews, the video footage, the syllabus, sponsor information, and news items about the class. It also had a weekly summary of what happened in the board room. The website was updated almost daily.

The Play

The class met on Monday evenings for board meetings. At the first meeting, participants were introduced and the class 'play' was described. Teams of four students were then randomly selected. Each week the teams were given a task which had to be completed by 9 AM the following Monday morning. At the board meeting, the two teams in one division would meet in the board room, discuss the task performance, and the winning team would be announced and excused from the board room. The members of the losing team would have to explain why they should be retained, and then the team members would vote (anonymously) for whom they thought should be fired. The video crews assigned to the team would also have a vote. The faculty advisors and CEOs would then confer using the voting information, film clips from the weekly task video, and observations of the faculty advisor who met with each team during the week. A decision was then made as to which student would be fired. The board room process was then repeated for the other division. After the board room firings, the remaining players would meet back in the classroom and receive the task for the next week.

Students earned one credit for the class. Those who were fired in the first week received a grade of C. Those fired in the next three weeks earned a B, and the final two teams earned As. Students who were fired had to meet with their faculty advisor for a debriefing session and were required to attend all remaining class meetings. The C students were provided with an opportunity to improve their grade to a B by submitting a paper discussing what they learned during the class.

The tasks were selected on the basis of four criteria. An appropriate task should be: a marketing task that marketing students should be able to perform; one that could be completed in one week; one that would be useful for the client; and one that might be interesting or fun for the students. The selected tasks were writing a questionnaire investigating the ethics of business students, fundraising for the Operation USO Care Package, developing an advertisement for Student Health Insurance, selling football tickets for a Tuesday night game, and developing and presenting a marketing plan for the Trump Tower. Because Labor Day occurred during the class and the class met on Monday nights, we decided to make the fundraising task a two-week task. All others had to be completed in one week. The tasks were judged by the CEOs, the faculty advisors, and in some cases experts in the field.

RESULTS

The class was a resounding success on every level. The students unanimously agreed that they learned an incredible amount, and things they couldn't and wouldn't have learned in a classroom. For example, during the fundraising task, students found that smaller, owner-operated businesses were good sources of donations but that larger corporations, such as Wal-mart and Target were not because policies required checking with corporate offices to see if a donation could be made. This essentially removed larger corporations as potential donors because the task had to be completed within two weeks. The students learned to leverage their efforts to outperform other teams in fundraising and sales tasks. They also learned how difficult it is to fire someone and to be fired.

The videos provided a good platform to discuss various team behaviors. In one boardroom, a team was criticized for their dysfunctional team dynamics. Those team members sought the advice of faculty advisors for how to improve and made significant changes over the course of the class. This level of self-awareness learning and behavior modification had not been seen before by any of the faculty involved.

There was a significant cross-disciplinary element of the class with the communication majors videotaping the marketing students. We were fortunate to work with a group of exceptionally talented media students. Their weekly team task videos were creative, professionally done, and engaging.¹ The production crews had to grapple with honestly portraying marketing student behavior in the edited video clips, and the marketing students had to learn both the power of the media and how to effectively work with the video crew. At the outset, one of the marketing teams viewed the video crew as their employees and were quite dictatorial about where and when the students should videotape. After about two weeks of videos, the marketing team came to the realization that the production crew was an extremely valuable asset that should be treated as such – another lesson that could not be nearly as effectively learned in the classroom.

Another tremendously successful aspect of the class was the amount of positive publicity it generated. While we thought that it might create some interest across campus and with local, or possibly regional media, we never envisioned what actually happened. We had local, regional, and national coverage in both the press and television (including live interviews), especially after the AP picked up the story. If that weren't enough, Donald Trump talked about the Marketing Apprentice Class in his daily radio promotion – also speaking very favorably about the university. Needless to say, this went over very well with the university administration! The class intrigued Donald Trump enough that he spoke with some of the apprentice students in a telephone call before the last class session.

Surprises

We were not surprised by the fact that this class was an excellent learning experience and the students really enjoyed it. There were, however, several outcomes that did surprise us. First, we had no idea how much fun the class would be for everyone involved. Even though students (and faculty) were spending inordinate amounts of time on the class, sometimes to the detriment of their other classes, they all were energized and excited by the class. We also were happily surprised at the level of engagement by our alumni CEOs. Our alums were in contact with us weekly and truly enjoyed working with the students; encouraging them to do well, providing constructive criticism, and networking for them.

A third surprise was the amount of positive publicity. One reason for some of this was the performance of the students on the second task: fundraising for the Operation USO Care Package program. Over a period of two weeks, the four teams raised almost \$11,000 for this program. Finally, both we and the students were surprised at the number of opportunities for them to meet and network with other successful alumni and with the business community. Most of the networking opportunities were the result of the efforts of our alumni CEOs to provide exposure for the class. One of those opportunities was to attend an American Management Association conference in Chicago where three contestants from *The Apprentice* television show, including Bill Rancic, the winner of the first season, were presenting an 'Apprentice' session. At that session, the panel discussed *The Apprentice* TV program and then divided the audience, mostly composed of business professionals, into teams to compete on a management task. Our Marketing Apprentice students won that competition.

¹ Those videos are available for viewing at the Marketing Apprentice webpage:

Keys to Success

There were a number of elements that significantly contributed to the success of the program. Some were the result of careful planning; some, we will freely admit, were just lucky decisions. In keeping with the theme of life imitating art, we have a Top Ten List of Success Factors.

1. Collaboration with media students to record teams and board room sessions
2. Alumni selected as CEOs
3. USO Fund Raising Task
4. Selection of Student Players
5. Business Sponsors and Expert Judges
6. Planning Team Membership
7. Flexibility and Unexpected Changes
8. Short Time Period
9. Planning Time
10. Web Site

Course Benefits

That the course provided a learning experience that all of the participants will never forget goes without saying. In a formal debriefing session at the conclusion of the class, students were unanimous in their appreciation of the unique learning experience and all said they would do it again – even if it was a no-credit class. Faculty were enthusiastic about the type of learning that the structure of the course facilitated. Topics that are rarely discussed in classrooms or taken seriously by the students (unless of course it is on the test) became key elements of the Marketing Apprentice.

Another benefit was the cross-disciplinary nature of the course. Working collaboratively with the Department of Communication students was rewarding for all parties involved. Without these students, the Marketing Apprentice Class would have been an interesting pedagogical experiment, but not much more. Having the high quality videos, along with the educational aspect for the media students, made the class fun and interesting for students, faculty, alums, and media alike.

Finally, the class was an excellent method to make and strengthen relationships with alumni and the business community. Too often, alumni perceive that their alma mater is interested only in financial donations. This class asked for their time and expertise instead, and gave back fun in return. All alumni involved are excited about working with the class again. Their efforts and input were far more valuable to this class than any monetary contribution. They were, however, very helpful in getting their friends and other alumni to donate funds to support the scholarships.

LESSONS LEARNED/FUTURE PLANS

While there were some minor issues that will be adjusted for future classes, one problem that arose was the relationship between the media production crews and their marketing team. We had assigned a specific two-person crew to each marketing team and encouraged the marketing students to think of them as part of their team. The students developed friendships and the production crews were rooting for their team to win. This presented some challenges for the crews when editing the weekly team videos. They wanted to honestly show how the marketing students performed, but at the same time, didn't want to show behaviors and conversations that could show the marketing students in a poor light – even though the behaviors sometimes were less than attractive. They were also extremely conscious of potential reprisals if the marketing students didn't like how they were portrayed in the video. We plan to avoid this situation in the next class by having the media production crews rotate through the marketing teams, a suggestion that came from the graduate students who directed

and produced the weekly episode videos. We plan to open the Marketing Apprentice Class to all College of Business majors and will recruit faculty from other departments to serve as advisors. This will require a careful selection of tasks and faculty.

SUMMARY

In summary, this pedagogic experiment has been one of the most interesting, exciting, and rewarding learning experiences for the faculty and students alike. The active learning approach for this class, patterning it after a popular business-related reality TV show, was hugely successful. The students reported that the class was the best learning experience they had in college, far superior to anything they had previously encountered. Confirming the faculty's perceptions, they indicated that the lessons learned were things that couldn't be communicated effectively in a typical classroom. We highly recommend other schools adopt similar learning experiences. The cross-functional educational benefits, strengthening alumni and business community ties, and engendering positive publicity for the university are a winning combination for any university.

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AN ASSESSMENT AND COMPARISON OF THE INTERNATIONAL MARKETING COURSE

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ABSTRACT

While the early internationalization of business school curricula was essentially in response to corporate needs and expectations, a major instigator of curriculum change was the American Assembly of Collegiate Schools of Business (AACSB). Four general questions were addressed by the AACSB (Nehrt 1981):

1. Why should business schools teach international business and what subject should be taught?
2. How should the international dimension of business operations be integrated into business school curricula?
3. How should the international dimension be related to international studies in the rest of the university?
4. What are the needs for research and instructional material in the field?

In 2003, AACSB International (The Association to Advance Collegiate Schools of Business to reflect its worldwide stature) adopted a new set of standards that reaffirmed its commitment to a global workplace. While accreditation assessment procedures now expect international inclusion, Tyagi (2001) asserts that the internalization of business education is still a key challenge facing colleges and universities in the United States.

The main objective of the current study is to determine the degree of consistency across marketing academic departments with respect to international course content and teaching methods. If, as Tyagi (2001) maintains, marketing academic departments should take the lead in preparing students for an internationally oriented business world, then it would follow that marketing academicians should begin to set some standards or expectations for international marketing courses. However, Andrus, Laughlin, and Norvell (1995) report that, "Little is known about the international marketing course even though this is a major channel for providing international marketing information to marketing students" (p. 9).

In order to explore course content and teaching methods for international marketing courses, we requested syllabi from 640 schools using the AMS membership directory as the sample frame. The ensuing content analysis was based on 89 syllabi used at the graduate and undergraduate levels, representing a 12 percent response rate. Four independent judges were used to categorize and code information into a database for analysis.

Content of international marketing courses was examined in terms of text used and topics included. Environmental topics were included in a high proportion of syllabi. Other topics mentioned often were international trade, culture, business customs, and geography. Internal factor topics include marketing research and the marketing mix. Regarding pedagogy, there is consistency across syllabi examined. A project/plan is used by 73 percent of respondents with an average weight of 33 percent of the course grade. A case component is included in 53 percent of courses; there is a wide variation in case usage by region of the United States. Finally, learning outcomes were largely in terms of application of marketing principles and creation of an awareness/understanding of the international marketplace. Full details are available in the complete manuscript, available from the authors.

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**MARKETING METRICS:
A PUSH FOR TEACHING THE VALUE OF MARKETING AS AN ASSET**

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ABSTRACT

The purpose of this article is to assess the value of marketing metrics among the academic community. The authors propose that in order for marketing metrics to gain acceptance in corporate decision making, a focus of the importance of these measures must be made first from within the academic community.

INTRODUCTION

Marketing professionals have always seen the importance of metrics that will measure the value of marketing expenditures as an asset (i.e. brand equity). However, while these are often used within departments at operational levels, they rarely reach the level of the boardroom where they compete with those metrics often accepted in accounting and finance. The authors state that in order for these measures to gain acceptance in upper level corporate decision making, the academic community is going to have to instill the importance of such measures in the marketing managers of tomorrow as they pass through the education system. However, what is not clearly understood is who in the academic community is best responsible for this task. The purpose of this paper is to assess the value of marketing metrics among the academic community. With this information, academics will be better prepared to develop a method of spreading the importance of marketing metrics.

Marketing professionals have for a long time espoused that marketing should be capitalized or treated as an investment on the balance sheet rather than as an expense (Simon and Sullivan 1993). However, while accounting practices view the acquisition of new equipment as a cash outlay and a debit to an asset, the expenditure on advertising is looked at as an outlay balanced by a debit to an expense account. Capital expenditures are treated as investments while marketing expenditures are treated as expenses.

While marketing professionals may not like these standards, it is difficult for them to respond to such questions such as; what are we investing in (i.e., what is the asset? and how should we measure the return on the capital employed for the investment?). The Financial Accounting Standards Board (FASB) statement of concepts No. 6 defines an asset as: "Assets are probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events." Based on this definition an asset that reflects the efficacy of the return to capital employed by marketing is brand equity. The first formal definition of brand equity was provided by David Aaker: "brand equity is a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that of the firms customers" (1991, p.16).

Board members and corporate officers appreciate the value of strong brands. However, they may be less certain as to a market value of a strong brand or how strong brands are created and maintained (Shultz and Gronstedt 1997). To capture brand equity Aaker (1991) recommends, (in addition to quality and other proprietary assets, such as patents, trademarks, etc.), measures such as: brand loyalty, name awareness, perceived quality, and brand associations. These measures of brand equity and their impact upon shareholder value are different from standard accounting valuation of assets. "Accountants still in their nappies are taught about accruals, but that flies out the window where marketing is about. Good marketing may or may not affect sales: it always increases brand equity" (Ambler, 1998, p. 24).

The Financial and Reporting Standards FRS 10, Goodwill and Intangible Assets, and the International Accounting Standards IAS 38, Intangible Assets, requires companies to report the value of acquired brands on the company's annual accounts. FRS 10 allows companies to amortize these acquired brands over a 20 year period (Bartram, 2000). FRS 10 allows for acquired brands to be treated separately from goodwill but it does not apply to any brands developed internally. Still, it is a step in the right direction to meaningfully account for the intellectual capital of a business (Batchelor, 1999). This advance is not without its cost to marketers. "The standard further stipulates that in such cases annual impairment reviews (in accordance with FRS 11 Impairment of Fixed Assets and Goodwill) must be carried out; the goodwill or intangible asset in question must therefore be capable of measurement. (Gowthorpe, 2000 p. 74). We return to the ever-present obstacle of measuring the impact of marketing; in this case the market value of the brand.

The marketing metrics research project conducted by the London Business School addressed this issue. Tim Ambler, senior fellow at the London Business School, has summarized a 30-month research project studying marketing metrics in his book Marketing and the Bottom Line. He states: "the brief was to report on best practice in marketing performance measurement, to propose improvements and to put forward a shared language." (Ambler 2000 p. 2). Leading examples from this study are awareness, market share and relative price. The results indicate that marketing metrics are collected but at best only 50% of the firms report the measures reaching members of the board.

DISSEMINATION OF INFORMATION

Thus while many can agree that measures of brand equity should be utilized more often in upper level strategic decision making and that we do indeed have the means to measure these values (Aaker 1991), how should this march to the boardroom be accomplished? We suggest that one begins with a grassroots campaign. Similar to a cohort analysis, the techniques and procedures taught to us in graduate programs shape our views. Mention a "Cash Cow," "The CAPM," Porter's "Five Forces Model," and so forth to practicing managers that received an MBA in the last 20 to 30 years they will know exactly what these are, and why they are important or unimportant to the firm. Another example may be why conjoint analysis is often used and accepted by marketing managers. These managers have most likely been exposed to the technique while pursuing their MBA, thus they are comfortable with the technique and believe in its value.

Therefore it may be up to educators to emphasize this knowledge of marketing metrics to students so that it may enter the boardroom as a useful tool. The goal of our research is to assess the value of marketing/brand equity metrics among the academic community; especially for those professors teaching core courses in MBA programs. What are the managers of tomorrow hearing with respect to the value of marketing metrics? The specific question to be addressed by our research is: Do professors teaching MBA students consider marketing measures as being useful for determining the value of a firm?

The next question to answer then is 'Who in academia will lead the charge?' Can we expect a unified procession of MBA professors to make this emphasis in their teachings? The following study looks at the belief of using such brand equity measures of MBA professors. It is here where we will find who should be responsible in initiating this push.

THE STUDY

The metrics surveyed in our study are a combination of the items used by Brand Finance and those identified by the London Business School's Marketing Metrics Project. Subjects were asked: "In your opinion, how useful are the following measures for determining the value of a firm." The response categories were: Extremely Useful, Very Useful, Somewhat Useful, Not Very Useful, Not At All Useful, Not Useful and In Fact Misleading, and Not Sure. Items such as brand awareness, brand image, customer loyalty and satisfaction, perceived quality and price premium are considered as measures of brand equity.

A one page questionnaire, along with a prepaid return envelope, was sent to professors, who taught the core course in accounting, finance or marketing at institutions rated as being one of the top 125 MBA programs¹. Two weeks after the initial mailing, a reminder letter with another questionnaire and return envelope was sent to all the professors. A postal coupon was included for all professors residing outside The United States.

Questionnaires were sent to 114 accounting professors, 120 finance professors, and 116 marketing professors: In total, 132 questionnaires were returned for a response rate of 38%. Respondents who returned comments, but did not complete the questionnaire, were culled from further analyses. The sample used for analysis contained 32 responses from accounting (28% response), 33 responses from finance (28% response), and 62 from marketing (54% response).

Results

The question of interest is whether there are differences among the three academic areas (accounting, finance, and marketing) regarding the usefulness of the marketing measures. The Brand Finance survey results (See [Table 1](#)) reported the percentage of top-box and top-two box scores. In an analogous fashion, we re-coded the data. Responses to each item were categorized into one of three levels: very useful, useful, and not useful. Brand Relationships has the largest top box score (57.1%). Price premium and customer loyalty followed brand relationship in importance, with top box scores of 38.7% and 38.1%, respectively. The items receiving the lowest top-box scores were: advertising expenditure (14.4%), and brand awareness

¹ Our goal was the top 125 programs.

(18.5%). The low top-box score for brand awareness was not expected. In Keller's model of brand equity (1993) the two drivers of brand equity are brand awareness and brand associations. Other measures received a top-box score of at least 20%.

As a group, the sample of professors did not rate the marketing metrics as being very useful for determining the value of a firm. Only the one measure, brand relationships had a top box score in excess of forty percent. To assess differences among the academic area with respect to the usefulness of the marketing measures, a chi-square statistic was calculated for the cross-tabulations between the marketing metrics and the academic areas. Statistically significant differences ($p \leq .05$) were found for four measures: customer loyalty ($p = .000$), brand image ($p = .029$), volume share ($p = .045$) and brand relationships ($p = .053$). Except for volume share, the marketing professors were more likely to rate the items as useful. One might expect the marketing professors to rate the brand equity items as more useful; however, even for this group only two items (brand relationships and customer loyalty) received scores in excess of 50% for very useful. We now turn to a categorical clustering procedure, latent structure analysis, to search for groups of people with similar response patterns regardless of academic area.

Latent Profiles

The analyses thus far have assessed differences based on an, *a priori*, classification into one of the three academic areas. We now drop the, *a priori*, assignment and use the responses to the brand equity items as input to the LADI program to identify latent profiles of responses. LADI (Dillon and Mulani 1989) is a latent structure (cf Lazarsfeld and Henry 1968) clustering procedure and falls under the heading of Latent Mixture Models.²

The LADI program creates clusters using maximum likelihood estimates of mixing parameters and structural parameters. Factor loadings and goodness of fit heuristics aide in this selection and a four cluster solution was chosen as indicated by using a chi-square difference test. Inspection of the mixing parameters indicates that cluster two is the largest with approximately 44% of the respondents. The sizes of the other clusters are: one = 12.6%, three = 14.96% and four = 28.35%.

The structural parameters estimates for the four cluster solution were used to interpret, or provide meaning, to the latent clusters. These estimates are conditional probabilities; the probability of responding to a specific level of an item given that they are in a latent class. For example, consider the item brand awareness. For the entire sample the probability of responding very useful was 18.55%. The conditional probability of responding very useful given membership in one of the four latent classes ranges from a high of 68.75% for cluster one to a low of 0.0% for cluster four. Consequently, those respondents in cluster one view brand awareness as a very useful metric, whereas those in cluster four do not.

We label cluster one as the "Brand Currency" cluster. By comparing the conditional probability of responding very useful given membership in cluster one to the sample probability of responding very useful we found these people place a greater value on the usefulness of the marketing metrics. Alternatively, people recruited into cluster three are more likely to respond very useful to market share measures. We label this cluster as "Product Currencies."

Cluster four is labeled "skeptics." People in this cluster are more likely to rate the brand equity measures as not useful. The responses from people in cluster one and cluster four are basically contrary; those in cluster one view the marketing metrics as useful, those in cluster four do not.

Latent class two is the largest cluster, and therefore, as might be expected, responses are the most similar to the entire sample. People in cluster two are more likely to rate the measures as being useful when compared to the people in cluster three and four but not cluster one.

The means and standard deviations for the recruitment probabilities for the four latent classes are provided in [Table 2](#). These recruitment probabilities reflect how sure we are that the observation was placed in the correct latent class. If the recruitment probability for class one was 90%, then the sum of the probabilities for the other three classes is only a 10%. The results show a very good assignment. We now look at the crosstabulation between a person's academic area and assignment into one of the four latent classes (see [Table 3](#)). The chi-square value for the crosstabulation is $\chi^2 = 10.26$ with 6 degrees of freedom, yielding a p-value of .11. Therefore the null hypothesis of no association is not rejected. The interpretation being that knowledge of academic area does not provide information as to the latent profile of responses to the brand equity items.

² The Discussion of LADI follows from the work of Dillon and Mulani 1985.

In Table 3 the first number in each cell shows the actual count. The second number is the conditional probability of being in a latent class, given an academic area. For example, consider cell (1,1). The actual count is 3; therefore three of the accounting faculty were recruited in cluster 1, the brand currency cluster. The second number (18.75%) indicates that of the 16 people recruited into cluster 1, 18.75% are accounting professors. Although the majority of the “brand currency” class comes from marketing (68.8%), close to one third of the people reporting very useful to the brand equity items are accounting or finance professors. The make up of cluster three, the “product currency cluster” is somewhat different. Here the accounting professors are the majority, while the marketing professors are the minority. Cluster two, the largest cluster, pretty much matches the distribution of the academic areas. Cluster 4, the negative cluster contains approximately the same number from each academic area. However, approximately half of the sample is marketing professors.

DISCUSSION

The results of our survey are similar to those of the Brand Finance survey. The brand equity metrics are not seen as being very useful for determining the value of a firm. We presume they have some value, but what is it? The marketing metrics project indicated that the measures are collected but not communicated to the board. Clearly any firm that scores better on any of the measures should be more valuable. Would you ever pay more for a firm with lower customer loyalty or perceived quality? Clearly not! But when asked, people do not report these as being valuable for determining the value of the firm.

This may seem like heresy to a marketing audience, but maybe the first step is to develop an MASB-- the Marketing Accounting Standards Board. If marketers want their beans to count and be counted, they have to develop a standard and universally accepted set of marketing metrics.³ "A metric is a performance measure that top management should review ... Metrics is not just another word for measure: metrics should be necessary, precise, consistent and sufficient (i.e. comprehensive) for review (Ambler, 2000 p.5). Having a set of metrics that is recognized by the board will get the board to spend more time scrutinizing the marketing effort.

The addition of the above suggestion and the advancement of today’s brand value measures are great improvements as tools to implement these metrics into the boardroom. However, the mere existence of these tools is not enough to ensure that management will use them beyond their daily operations. The ingrained use of existing financial tools is too entrenched for an immediate change to occur. Perhaps what is needed is a place to plant a seed of appreciation for these metrics in tomorrow’s executives in order for the metrics to become more accepted over time. An emphasis from academics is the best means possible for this task. The prominent use of metrics in marketing textbooks and the training of MBA students to utilize measurement tools have a large effect later in their careers. While these students will also face corporate inertia from current boardroom measures, the dissemination of these brand measures will improve the likelihood of use in the future. Unfortunately, as we have seen from our study it appears that the marketing educators will be battling this task alone if only at first as academics from accounting and finance departments do not share similar viewpoint.

³ MSI has recognized the area of marketing metrics as one of their two gold research areas.

**TABLE 1
TOP BOX SCORES BY ACADEMIC AREA**

Metric ^a	Total	Area			Significance ^b (p-Value)
		Accounting	Finance	Marketing	
Brand Relationship	57.3	59.1	41.7	64.0	.053
Price Premium	38.7	51.7	27.3	38.7	.302
Customer Loyalty	38.1	25.0	15.6	56.5	.000
Advertising Effectiveness	33.3	43.3	38.7	25.8	.255
Brand Image	28.8	21.9	12.5	41.0	.029
Growth Share	26.6	37.5	30.3	18.6	.303
Customer Satisfaction	24.8	18.8	18.8	31.1	.331
Quality	22.2	9.7	18.2	30.6	.080
Volume Share	21.5	30.0	21.9	16.9	.045
Brand Awareness	18.5	9.4	16.1	24.6	.292
Advertising Expenditure	14.4	12.9	18.8	12.9	.446

**TABLE 2
DESCRIPTIVE STATISTICS FOR RECRUITMENT PROBABILITIES**

	Latent Class			
	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
Mean	.90	.98	.94	.99
Standard Deviation	.14	.004	.12	.002
Number	16	56	19	3

**TABLE 3
CROSS-CLASSIFICATION OF LATENT CLASS MEMBERSHIP AND ACADEMIC AREA**

Academic Area	Latent Class				Total
	I	II	III	IV	
Accounting	3 18.8%	11 19.6%	8 42.1%	10 27.8%	32 25.2%
Finance	2 12.5%	13 23.2%	6 31.6%	12 33.3%	33 26.0%
Marketing	11 68.8%	32 57.1%	5 26.3%	14 38.9%	62 48.8%
Total	16 100.0%	56 100.0%	19 100.0%	36 100.0%	127 100.0%

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WEB SITE PERSONALIZATION AND PRIVACY CONCERN

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ABSTRACT

In the online environment, privacy is a growing concern. Technology allows marketers to covertly gather customer information and use it to personalize Web pages, improving customer relationships and increasing purchasing behavior. However, consumers are uncomfortable with information being collected without their knowledge. How can marketers understand this inherent tension?

INTRODUCTION

Marketers today have an unprecedented ability to monitor, record and analyze the behavior of their customers. A customer's interactions can be tracked by numerous means, including customer loyalty cards and programs, affinity credit cards and customer relationship management systems. Internet-based interactive marketing, however, presents perhaps the best opportunity to not only collect, but also to utilize transactional, behavioral and demographic data that is not explicitly disclosed by the customer to the firm. Increasingly, organizations are using this data to personalize Web sites and e-mail communications. Personalization has been defined as matching categorized content to profiled users, in effect filtering content based on a company's determination of the content's relevance to the user (Coner 2003). As technology improves, the degree to which personalization can be accomplished increases.

Advances in technology that enable personalization have outpaced marketers' understanding of the implications of using personalized Web content. Using today's sophisticated monitoring systems, robust databases and data mining, companies can unobtrusively gather and utilize information about individual transactions and purchase decisions (Moon 2000). Demographic information can be obtained relatively easily from customers through site registrations, loyalty program membership forms and other methods of self-disclosure. Furthermore, Web site technology allows organizations to gather clickstream data that can be used to profile and target individual consumers with cookies and tracking software (Milne 2000). While definitive research findings on the effect of personalization on customer engagement and sales conversion are sparse, a handful of industry studies have shown a positive relationship between personalization and response rates in direct-mail advertising (Morris-Lee 2002). These studies tend to lend credence to the practice of personalizing Web content to increase the effectiveness of Web communications.

However, other research suggests a strong positive relationship between personalized direct marketing and privacy concerns (Phelps, D'Souza and Nowak 2001). It is widely reported that consumers are becoming more concerned about threats to privacy in the online environment. Graeff and Harmon (2002) cite industry studies finding up to 80% of Americans very or somewhat concerned about the issue. It is not surprising, then, that Phelps et al. (2001) found a negative relationship between privacy concern and purchase behavior. This tension between personalization and privacy concerns indicates a need to understand how to balance consumers' privacy concerns with a company's strategic personalization of Web-based content to improve user engagement and response. Most of the existing literature on the impact of privacy concerns focuses on consumers' willingness to self-disclose information. However, the purpose of this research is to explore the effects of personalization using non-self-disclosed information on consumers' privacy concerns in the Internet environment. Therefore, it is important that we define both terms.

Non-Self-Disclosed Information. Literature on self-disclosure can be distilled to the concept of providing others with personal information about oneself (Jacobs, Hyman and McQuitty 2001). Using this concept, we define non-self-disclosed information (NSDI) as any personal information that was not explicitly provided by the consumer to the firm. Some privacy literature refers to "unvolunteered" data collected through transactional and purchase data, as well as monitored Web activity (Mascarenhas et al. 2003). However, we expand this category to include not only unvolunteered information collected during transactions, but also customer information collected by or merged with other information sources.

Privacy Concern. Privacy concern is an emerging theme in consumer research. Although a great deal of literature attempts to explain the antecedents and outcomes of privacy concern, the term itself has yet to be clearly defined. Phelps et al. (2001) suggest that privacy concern consists of consumers' perceptions regarding the exchange relationships with marketers that gather and use personal information and the resulting behaviors. However, Olivero and Lunt (2004) note that perceived risks

over the Internet extend beyond the relational dimension, so this definition does not completely encompass the scope of privacy concern. We define privacy concern as the level of concern an individual experiences due to a perceived loss of privacy.

HYPOTHESIS DEVELOPMENT

In the following sections, we propose linkages among relevant variables that affect privacy concern. Specifically, we hypothesize a direct effect of the use of NSDI for personalization on privacy concern. We also propose that trust and compensation moderate the relationship between the use of NSDI for personalization and privacy concern.

Non-self-disclosed Information and Privacy Concern. Empirical studies of privacy concern suggest that control of information is critical to the level of concern experienced by consumers. Sheehan and Hoy (2000) found information control to be a primary factor in consumers' concern for privacy in an online environment. Drawing on marketing research in traditional direct marketing (Foxman and Kilcoyne 1993; Goodwin 1991; Nowak and Phelps 1995), they identified and tested two facets of information control related to privacy concern: (1) awareness of information collection and (2) use of information beyond the original transaction.

Given the absence of consumers' awareness of information collection and the lack of control of personal information, we expect the use of NSDI to personalize Web content will raise the level of privacy concern.

H_1 : The use of non-self-disclosed information to personalize Web content will have a positive relationship with privacy concern.

Trust and Privacy Concern. Trust has taken center stage in the online environment as marketers attempt to build long-term relationships with customers. The lack of faith between consumers and most businesses on the Web is viewed as a major barrier to online commerce (Hoffman, Novak and Peralta 1999). Nearly 63 percent of consumers who declined to provide information to Web sites reported it was because they did not trust those collecting the data (Nielsen 1997).

Empirical studies of trust in an online environment have found trust to be a key antecedent to intended purchase behavior (Liu, Marchewka and Ku 2004). Milne and Boza (1999) found trust and concern to be distinct constructs that were negatively correlated in the direct marketing industry. They concluded that when organizations use information to better serve customers under certain conditions, it is not seen as an invasion of privacy. In their study, they found consumers to be willing to provide personal information in order to allow a firm to strengthen relationships through personalized offers and communications. Similarly, Sheehan and Hoy (2000) found familiarity with an online entity to be negatively related to privacy concern. It appears that when consumers trust an online entity, they believe the organization is acting in the consumers' best interests by using information to personalize offers. Therefore, we expect the use of NSDI to personalize Web content will lower privacy concern when a consumer trusts the online entity.

H_2 : The use of non-self-disclosed information to personalize Web content will have a negative relationship with privacy concern when a consumer trusts the firm.

Compensation and Privacy Concern. The ownership of information continues to be an issue in online interactions between consumers and firms. Generally, consumers believe ownership of personal information resides with the individual (Nowak and Phelps 1992). However, marketers are likely to believe that information gathered in the course of transactions with consumers belongs to the firm (Cespedes and Smith 1993). These conflicting views provide the backdrop to a significant issue for online commerce, namely, the sale of personal consumer information to third parties.

Milne and Gordon (1993) conceptualize the relationship between consumers and direct marketers as a social contract and consider the notion that consumers should receive compensation (e.g., coupons, special offers) for providing personal information used for direct mail purposes. To enter into such contracts, they propose consumers must first perceive the benefits to outweigh the costs. While consumers desire the benefits of personalized offers, they do not want to sacrifice privacy (Milne and Gordon 1993, p. 208).

Sheehan and Hoy (2000) tested this proposition by examining the effect of compensation on online privacy concern. They found consumers' willingness to exchange personal information for compensation (e.g., mouse pad, discount on future

purchases) to be a significant factor in online privacy concern. They conclude that online consumers appear to be willing to sacrifice some degree of privacy in order to gain something of value in the exchange. Their finding resonates with Westin's (1997) observation that consumers often consider the nature of the benefit offered in exchange for information when deciding if their privacy has been violated. Similarly, industry-sponsored surveys indicate online shoppers are willing to have their behaviors watched if it is used to customize their shopping experience (Greenberg 2000), suggesting a willingness on the part of consumers to compromise privacy in exchange for utility or reward. Thus, it appears that consumers may be less concerned about privacy when they are offered compensation.

H₃: The use of non-self-disclosed information to personalize Web content will be negatively related to privacy concern when a consumer is offered compensation.

METHOD

To test the hypotheses, we will conduct two, between-subjects, full-factorial experiments. Each study will use a 2 x 2 design. Study 1 will test the effect of trust on the relationship between the use of non-disclosed information and privacy concern (NSDI x TR). Study 2 will test the effect of compensation on the relationship between the use of non-disclosed information and privacy concern (NSDI x COMP). Participants will be 240 university undergraduates who will be awarded class credit for participation. We chose university undergraduates for the sample in order to control for age, income and education, variables that have been shown to affect privacy concerns of online customers (Graeff and Harmon 2002). In addition, we expect to find a high percentage of undergraduates to have experience with online purchasing.

Procedure

Web sites will be developed that simulate those of the four major airlines providing service to the city in which the participants live. Travel and airline tickets represented 29 percent of the more than \$2.9 billion spent online by college students in 2003, more than double the next highest category of spending (Student Monitor 2004). The Web sites will be pre-tested with a convenience sample of undergraduate students to discover and correct any issues that may arise with the use of the Web sites and/or computers.

Computers will be set up in a small lab that allows privacy for each participant. Upon arrival, participants will be given a consent form informing them of the task. The researcher will explain that they will first be asked to respond online to a few demographic questions and should simply click the "CONTINUE" arrow to continue with the experiment. Participants will be instructed to recreate their most recent online purchase of an airline ticket with their preferred airline.

Once the researcher completes the instructions, the participant will be left alone to complete the experiment. When the participant is finished, s/he will be given a short online questionnaire that measures the participant's privacy concern related to the transaction and will be extensively debriefed.

The Manipulation

Both studies will test two conditions of NSDI: use of non-self-disclosed information (NSDI) and no use of non-self-disclosed information (NONSDI). In the NSDI condition, participants will be shown personal information that was not self-disclosed in the transaction (e.g., social security numbers) in a pop-up window that displays information about menu specials at a popular chain restaurant at their destination, along with this statement: "We have matched your social security number and credit card information with our restaurant affiliate's records in order to provide you with this information." Neither the personal information nor the statement will appear in the pop-up window about menu specials in the NONSDI condition.

Study 1 will test the moderating effect of trust. Participants will be asked to respond to questions that measure the level of trust in their preferred airline in an "Intent to Participate" form administered three weeks prior to the experiment. These questions will be mixed in with demographic questions. Participants with scores in the top quartile will be assigned to the high trust condition (HITR); those in the bottom quartile will be assigned to the low trust condition (LOTR). Those in the middle quartiles will be assigned to Study 2. Study 2 will test the effect of compensation. Participants in the compensation condition (COMP) will be offered a coupon for a free meal in the pop-up window while those in the no reward condition (NOCOMP) will see the information about menu specials with no offer of a free meal.

IMPLICATIONS FOR MARKETING KNOWLEDGE AND PRACTICE

Privacy concern has emerged as a primary area of interest in both academic research and marketing practice, particularly in the online environment. The inherent tension between a firm's desire to forge stronger relationships through personalization and consumers' concern for privacy presents a significant challenge for marketers. The aim of this research is to contribute to marketing knowledge and practice by examining this tension.

Consumer privacy concern and online personalization are both emerging topics in academic research. This study contributes to the understanding of both by defining key variables and testing their interaction. First, we offer a clear definition of privacy concern, a construct that has not been satisfactorily described in the privacy literature. Further, this research will operationalize and test privacy concern in an online environment. Second, we examine the effect of trust and compensation, two variables that have been suggested by previous research as important to privacy concern (Liu, Marchewka and Ku 2004; Milne and Boza 1999; Sheehan and Hoy 2000; Westin's 1997; Greenberg 2000). Finally, this study defines and tests a new concept, NSDI, that is particularly relevant to the online environment. While extant literature focuses on consumers' willingness to disclose information, this study examines consumers' attitudes toward a firm's usage of information they have not disclosed.

The limitations of this study point to interesting directions for future research. The experimental design of the proposed study limits generalizability of findings. First, experimental design lacks external validity. Participants will be fully aware they are engaged in an experiment, with all that implies. Second, the sample is restricted to college students and, therefore, is not representative of the general population. As a first step, the experiments could be conducted with a representative sample in order to capture the effects of significant demographics such as age, income, education and online experience. It would also be interesting to employ a different research design in order to provide evidence for "real world" behavior. For example, participant observation combined with phenomenological interviews may provide insight into additional variables that are relevant to privacy concern stimulated by the use of NSDI in an online environment.

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**CONSUMERS' ATTITUDES TOWARD REGULATION OF INTERNET AUCTION SITES:
A THIRD PERSON EFFECT PERSPECTIVE**

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ABSTRACT

This study explored Internet users' attitudes toward government regulation of Internet auction sites. The paper compared Internet users' perception of perceived potential harm among a list of products widely available on Internet auction sites. Second, the influence of the third person effect on Internet users' pro-regulatory attitudes was examined. Third, this study also considered whether demographics, Internet usage, and innovative characteristics of individual Internet users, perceived potential harm have effects on Internet users' attitudes toward government regulation of electronic commerce on the Internet.

The results found that Internet users' perceptual differences were statistically significant between the estimated influence on self, teenagers, and other adults for each product. Besides, perceived potential harm to self was found to predict consistently Internet users' pro-regulatory attitudes, but it was not the case for perceived potential harm to teenagers and other adults. Results also demonstrated that perceived potential harm to self predicted pro-regulatory attitudes toward these websites, even after controlling for potential confounding variables. Methodological and theoretical implications were discussed.

References available upon request

ASSESSING THE IMPACT OF CORPORATE CREDIBILITY AND TECHNOLOGY ACCEPTANCE ON ONLINE SHOPPING

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ABSTRACT

This study used the technology acceptance model and corporate credibility concept to investigate consumer reaction to ecommerce and to ecommerce websites. The purpose was to assess the relationship of each construct with self-reported future behavioral intentions. Data analysis from a survey of 70 adult respondents showed that perceptions of trust, perceived ease of use, and perceived usefulness were indeed positively correlated with willingness to provide the vendor with information, future purchase intentions, and recommendations to other consumers. These findings are consistent with other research. Implications of these findings for theory and practice are discussed.

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**INTERGENERATIONAL PERCEPTIONS OF MALLS:
A COMPARISON BETWEEN MOTHERS AND THEIR ADOLESCENT DAUGHTERS**

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ABSTRACT

The purpose of this article is to explore the mall attitudes and perceptions of adolescent females and their mothers. Data from 110 dyadic pairs of mothers and daughters indicates that they are motivated to consume by different factors, and that they possess significantly different perceptions of mall environmental variables.

INTRODUCTION

Bloch, Ridgway and Dawson (1994) suggest that malls do not have universal appeal and that different segments of consumers may be responding to different aspects of a mall. Wakefield and Baker (1998) have raised the issue about whether perceptions of malls are mediated by age. Malls were initially conceived as places of convenience where multitudes of products could be brought together to foster one-stop shopping, but time crunched baby boomers often see these large and cumbersome places as a detriment to shopping. Additionally, many adult consumers indicate that they do not enjoy the experience of going to the mall (Berry 1996). Many adolescent consumers on the other hand, have embraced the mall experience. Setlow (2001) notes that going to the mall is a high priority for teens, and separate research indicates that many malls, in fact, have begun to recognize the dollar potential associated with this generational cohort group (McCartney 2002). Taylor and Cosenza (2002) note that teenage females comprise a cohort group of shoppers that appears to have very favorable attitudes toward malls. However, consumption experiences of children or younger shoppers are often dissimilar or contradictory to those of adults, especially when the comparisons are between children and their parents. Beatty and Talpade (1994) have found that mothers and daughters differ in terms of their dyadic perceptions of shopping influence as compared to the dyadic perceptions of shopping influence between fathers and sons. The overall implication is that younger consumers often have consumption perceptions, attitudes, and experiences that differ significantly from those of older consumers.

HYPOTHESES

- Hypothesis 1: Adolescent daughters will exhibit a significantly greater perception of mall a) ambient factors, b) design factors, c) layout factors, d) variety factors, e) excitement levels, f) involvement levels, and g) exhibit significantly greater desire to stay at the mall, and h) desire to return to the mall, than will their mothers.
- Hypothesis 2: Mothers will exhibit significantly greater objective motivation to consume than their adolescent daughters.
- Hypothesis 3: Adolescent daughters will exhibit significantly greater social motivation to consume than their mothers.
- Hypothesis 4: Mothers' objective motivation to consume will significantly and positively predict their perceptions of mall a) ambient factors, b) design factors, c) layout factors, d) variety factors, e) excitement levels, f) involvement levels, and their g) desire to stay at the mall, and h) desire to return to the mall.
- Hypothesis 5: Adolescent daughters' social motivation to consume will significantly and positively predict their perceptions of mall a) ambient factors, b) design factors, c) layout factors, d) variety factors, e) excitement levels, f) involvement levels, and their g) desire to stay at the mall, and h) desire to return to the mall.

RESULTS

A modified mall intercept method at a regional mall in the southeast section of the United States was conducted and generated 110 mother-daughter pairs, or 220 total respondents. Hypothesis 1 is partially supported, as daughters score significantly higher than their mothers on perceptions of mall variety, desire to stay at the mall, involvement in mall shopping, and desire to return to the mall. Hypothesis 2 and hypothesis 3 are supported, as mothers exhibit a significantly greater objective motivation to consume, and daughters exhibit a significantly greater social motivation to consume. Nearly full support is seen for hypothesis 4, as a mother's objective motivation to consume positively and significantly predicts her perceptions of mall ambience, design, layout, variety, desire to stay, excitement, and involvement. Partial support is also seen for hypothesis 5, as a daughter's social motivation to consume positively and significantly predicts her perceptions of mall variety, desire to stay, excitement, and involvement.

References available upon request

**PERCEIVED RETAIL DISPARITY IN MIDDLE-INCOME AFRICAN AMERICAN AND WHITE
NEIGHBORHOODS:
AN EXPLORATORY INVESTIGATION**

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ABSTRACT

Numerous studies have been conducted on the retail plight of poor and inner city consumers (Alwitt and Donley 1997; Ambrose 1979; Caplovitz 1963). Much of the lack of retail services in these communities is often explained away by the inadequate incomes and low collective purchasing power of the consumer. However, in recent years there has been a growing chorus among middle-income African Americans that, despite growing affluence, their neighborhoods also lack the kinds of retail services that add to a community's 'quality of life' (QOL) (Miller 2002; Urban Marketing Research Institute 1998; Towns 1997). These middle-income African Americans perceive some state of disparity in the quality of retail amenities that support their communities compared to those that support majority white middle-income communities. Williams and Qualls (1989) provide the necessary insight into the importance of examining the African American middle class. Specifically, "they represent one of many diverse black consumer segments and it is important to distinguish them from Anglo and non-middle-class black consumers, and they are taking on added importance due to growth in size and purchasing." Despite their 'added importance' there is a dearth of research on QOL retail and middle-income African Americans.

This exploratory study of perceived retail disparity between African American and white neighborhoods is framed as a quality of retail life issue. Several researchers have examined 'quality of life' in relation to consumer's well-being, necessities of daily living, and how satisfaction with the features of one's neighborhood impacts resident's QOL (Sirgy and Cornwell 2002 & 2001; Alwitt and Donley 1997; Diener 1984; Dahmer 1981). There is an apparent perception among middle income African Americans, that race may factor into decisions made by retail firms concerning the location of stores, the quality of products, and the variety of products available. However, this paper will look at this as a disparity issue between similar neighborhoods of different races, not as a discrimination issue.

Quality of life retail is examined through geodemographic zip-code analysis of four criteria: size, variety, number and proximity of retailers found within racially comparative communities in the Atlanta, GA area. Eleven zip-codes met the criteria of being either 65% African American or white, having an income range of \$50,000-\$60,000 and having a population of at least 10,000. Zip-codes served as proxies for neighborhoods. Data from seven QOL retail categories common to previous studies were analyzed. The retail categories were grocery stores; beer, wine, and liquor stores; full service restaurants; limited service restaurants; pharmacies and drug stores; dry cleaners and laundry services; and coin operated laundries.

Results were mixed and also indicate a need for further study of retail disparity to determine if the disparity is systemic or peculiar to the market examined. Significant results include the overall finding of over twice as many QOL retailers in white zip-codes than in the African American zip-codes; individual QOL retail categories had from twice as many QOL retailers in white zip-codes than in African American zip-codes to more than four times as many retailers. African American zip-codes had fewer retailers per square mile. There was no difference in the size of grocery stores; beer, wine, and liquor stores; limited service restaurants; or coin laundries in African American zip-codes and white zip-codes. Thus, the perception of QOL retail disparity was partially supported.

References available upon request

**BEYOND THE MARRIAGE METAPHOR:
A NEW PRODUCT DEVELOPMENT FRAMEWORK FOR KEY ACCOUNT MANAGEMENT**

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ABSTRACT

The marriage metaphor represents one of the more popular views of key account management (KAM). Yet this perspective may inadvertently paint an overly simplistic view of the process as well as the challenges associated with the establishment of beneficial, long-term sales relationships. Answers to specific questions such as “Which customers should the supplier seek to marry?”, “How can suppliers refrain from entering into a marriage too quickly?” and “How can marriages be best structured so that mutual goals can be attained?” may be unclear when the marriage metaphor is indiscriminately applied to marketing relationships. In an effort to expand the thinking of both practitioners and academics, we suggest that an additional metaphorical lens for KAM can be found in the new product development (NPD) literature. The notion of treating a key account like a new product brings an intriguing perspective on KAM. Just as seeing an old problem from a different point of view often stimulates fresh new thinking, we believe this alternative KAM perspective provides a promising opportunity to reassess and refocus our understanding of an important marketing phenomenon. There is no doubt that many firms already utilize one or more of the specific NPD-related elements discussed in our framework to some degree, but we believe the real benefit is realized when the individual components integrate into a holistic approach that incorporates appropriate stage-gate controls. After briefly reviewing the major themes of KAM research, we identify a number of striking similarities between KAM and NPD. Included in these similarities is the importance of 1) cross-functional integration, 2) top management support, 3) team leadership, 4) customer knowledge, and 5) risk management. We then introduce a new KAM framework that incorporates elements of the NPD “stage-gate” system. The goal of this framework is to encourage additional research into a new array of potentially relevant antecedents to successful key account programs. We conclude by noting possible implications for KAM research and practice.

BUSINESS-TO-CONSUMER SELLING TEAMS

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ABSTRACT

In order to understand the *consumer selling team* phenomenon and how teams in the consumer marketplace organize and perform the sales function, it was first necessary to understand why independent salespeople would choose to adopt the team selling arrangement in the first place. To this end, a qualitative study was conducted that focused on the factors responsible for the evolution of the team selling arrangement in one particular consumer market - residential real estate. Indeed, part of what makes the selling teams in this particular context interesting is that they are formed voluntarily. In contrast, selling teams in the business-to-business context have evolved as a strategic response to buying centers (Hutt, Johnston and Ronchetto 1985; Puri and Korgaonkar 1991). Bertrand (1995) has argued for a sales strategy that matches the informational and service needs of the client while also accommodating the buyers' choice of shopping venue. In fact, the strategy of using a team of sales 'experts' to satisfy the multiple influencers and decision makers of the buying center has become so engrained in B2B markets that Downey, Jackson and Holschuh (2000) advocated that, "If a team buys (and uses), then a team must sell (and service) that account" (p.72).

The residential real estate industry was chosen for this study because it offers a rich environment for the study of selling teams. The industry is served by a large number of selling teams, and these teams are highly visible as a result of extensive self-promotion (e.g., yard signs, bus benches/shelters). There is also considerable diversity in the composition of these teams with respect to age, gender and the number of agents in a team.

The current paper sought to determine whether unique evolutionary-forces were responsible for the formation of gender inclusive and gender exclusive selling teams (GISTs/GESTs Hassay and Isotalo 1998). Hassay and Isotalo's (1998) preliminary study of GISTs, and specifically spousal sales teams, revealed that such teams were more likely to form in response to internally (e.g., to do more business) rather than externally-motivated factors (e.g., market or customer-orientation). However, no study to date has explored the formation motives of GESTs, nor has any study looked beyond selling teams with a matrimonial as well as business bond. To address this paucity of research, data for the current study was collected in a series of in-depth interviews with 14 males and 16 females representing 15 selling teams - 4 male-only and 5 female-only GESTs and 6 GISTs.

With little theory and few a priori themes to guide the interviews, emergent themes surrounding the development and maintenance of these teams were drawn from discussions of residential real estate practice, the decision to partner with other agents, and finally the problems and benefits associated with operating as a team in the residential real estate industry.

Findings support and extend previous explorations of selling teams in consumer markets by suggesting that these teams are more likely to develop in response to the needs of team members rather than strategic market factors. To the extent that participants acknowledged customer benefits of the team selling arrangement these were primarily limited to a 'two-agents-are-better-than-one' theme. Therefore, unlike conventional B2B teams it was found that the consumer selling teams in this study were a response to the self-interests of team members rather than a strategic response to the market. Participants revealed that team formation was a response to career changes, mentorship, work-life balance, illness and even vacation time. In fact, the most commonly cited benefit of the team selling arrangement for GESTs - "the ability to have more time off" - underscores the fact that agents in these teams did very little together. Instead these agents preferred to capitalize upon the division of labor as a means of doing more work (e.g., listing more properties) or spending more time on personal activities (e.g., golf, volunteering). And while team members cited a variety of other personal benefits accruing from the team selling arrangement it was not without its pitfalls. For instance, agents revealed that team dissolution was a common occurrence in the industry and that insufficient thought and effort went into the selection, development and maintenance of the team.

Implications for researchers and practitioners are presented.

References available upon request

AN EMPIRICAL INVESTIGATION OF SOME CRITICAL SUCCESS FACTORS TO IMPROVE SALES UNIT EFFECTIVENESS

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ABSTRACT

In the last decade, researchers have shown an increasing interest in investigating the determinants of better salesforce performance (Hise and Reid, 1994; Babakus et al., 1994). In some organizations the most critical factor in enhancing performance is possibly a knowledgeable, skilled and competent salesforce (Barney 1991; Lee and Miller 1999). Accordingly, the role of the salesforce is becoming more crucial than ever before. Although much progress has been made (e.g., Baldauf, Cravens and Piercy 2001), to the best of our knowledge, there are no studies that have looked at the available support resources that would help to improve the effectiveness of the sales organization by increasing the effectiveness of the salesperson. This study attempts to identify a number of critical resources and approaches that help the sales unit to perform more effectively. For example, Piercy, Cravens and Morgan (1997) suggest that “the underlying questions to be addressed in obtaining a better understanding of the sources of sales organization effectiveness” include salesperson characteristics, sales management control practices, salesperson compensation, and salesforce performance. They specifically highlight the importance of “structural and organizational issues that provide the salesperson with the opportunity to achieve superior performance”. Day and Wensley (1988) recommend that it is beneficial to evaluate the association between potential critical success factors (CSFs) and relevant effectiveness measures. It is suggested that this assessment may involve correlating CSFs with relevant measures of success or, alternatively, comparing CSFs across winning versus losing competitors (Day and Wensley 1988; Keck, Leigh, and Lollar 1995).

Data was gathered by asking field sales managers to indicate the impact of each of the twenty-one factors on the effectiveness of their sales unit using a seven-point, Likert-like scale. The statements in this study cover both the “conventional” (e.g., salesforce size, sales territory issues) and the “people issues” (compensation strategy, customer relationships) identified by Piercy, Cravens and Morgan (1997). The first step in our analysis is to separate the respondents into two dichotomous groups based on some measure of performance before identifying the critical success factors. Such dichotomization allows the determination of which success factors differentiate between the high versus low-performing salespeople (Day and Wensley 1988; Keck, Leigh, and Lollar 1995). After forming groups, we examine which statements (Table 1) are significantly different across the two groups in the second step of our data analysis. The third step is to use the set of significant variables to predict membership in the high and low performing groups.

Cluster analysis based on relative measures of sales volume, profitability, market share and customer satisfaction yielded a group of high performers (n=48) and another group of lower performers (n = 47). Higher performing salespeople make significantly more sales calls per week (26.5 vs. 20.8, $p = .02$) and typically have a larger customer base (1794 vs. 740 customers, $p = .02$). Higher performing salespeople make more sales calls per week (26.5 vs. 20.8, $p = .02$) and typically have a larger customer base (1794 vs. 740 customers, $p = .02$). More effective firms are not simply concentrated in attractive industries as there are no differences in the average industry growth or sales growth rates of the two groups. Furthermore, high performing salesforces do not spend more of their time selling nor are they running higher selling expenses as a percentage of sales. Further analysis based on univariate tests following MANOVA identified the following seven significant variables (CSFs) differentiating the high versus the low performers: Providing information systems capabilities, providing order status information, building long-term customer relations, developing team selling, telemarketing support, improving product quality and increasing incentive compensation. It is important to note that several variables are considered to have high impact by both groups but they are not among the seven significant variables because they are considered to be equally important by *both* the high performing and the low performing groups. Using only ‘providing information capabilities’ and ‘developing team selling’, logistic regression procedure correctly classified 77.9% of the respondents versus the chance criterion of 50%. Furthermore, using all seven significant variables did not improve the hit ratio appreciably (less than 5%) to warrant using more than two variables. Further analysis identified ‘spending time planning sales calls’ and ‘customizing the selling approach’ as significant antecedents. No differences were found in terms of focusing on customer’s needs, product knowledge and selling skills.

Future research efforts could focus on identifying additional CSFs, incorporating the impact of moderating conditions and antecedents and paying particular attention to non-significant variables to confirm the nature of their impact.

THE MODERATING ROLE OF TRUST IN DETERMINING INTER-FIRM GOVERNANCE MECHANISM AND PERCEIVED PERFORMANCE

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ABSTRACT

Although TCA has been a dominant framework in explaining inter-firm cooperation and control (cf. Rindfleisch and Heide 1997), TCA has been criticized for ignoring social contexts in which exchange parties are deeply embedded (Hagen and Choe 1998; Hill 1990; Granovetter 1985). Since exchange partners are social entities, they are likely to develop social relationships based on such relational factors as trust, commitment, interdependence, etc. (Dwyer, Schurr, and Oh 1987; Ring and Van de Ven 1994). Especially, trust has emerged as a central component in the channels literature (Wilson 1995). Trust is defined as a firm's willingness to rely on an exchange partner whose behavior is not under its control (Mayer, Davis, and Shoorman 1995; Moorman, Zaltman, and Deshpande 1992; Swan, Trawick and Silva 1985; Zand 1972). Trust involves a firm's belief that its exchange partner will perform actions that will result in positive outcomes as well as not take actions that will result in negative outcomes for the firm (Anderson and Narus 1990).

In this paper, thus, it is proposed that the inclusion of trust in TCA may enhance the explanatory power of TCA under environmental uncertainty. Specifically, it is argued a manufacturer's trust in its supplier will result in the firm to be less inclined to vertical control over the supplier's decisions under environmental uncertainty in an effort to minimize total transaction costs (i.e., contract drafting cost, negotiation cost, monitoring cost, etc.). As such it is suggested trust could be a moderating mechanism in inter-firm relationships since vertical control is a matter of degree due to firms' bounded rationality and environmental uncertainty in the market. In addition, it is posited that trust will help a manufacturer develop reasonable performance expectations, resulting in less chance of perceiving supplier performance unsatisfactory. In particular, the following hypotheses were put to test:

H₁: There is a positive relationship between environmental uncertainty and a manufacturer's propensity for vertical control of its supplier's decisions.

H₂: The positive relationship between environmental uncertainty and vertical control is moderated by trust.

H₃: There is a negative relationship between environmental uncertainty and a manufacturer's satisfaction with its supplier's performance.

H₄: The negative relationship between environmental uncertainty and a manufacturer's satisfaction with its supplier's performance is moderated by trust.

The results of the empirical test with 137 firms from such industries as electronics, textiles, metals, and steels confirmed that trust does play a moderating role in the relationships between environmental uncertainty and vertical control, and between environmental uncertainty and perceived supplier performance. If a manufacturer has confidence that its supplier will not take advantage of the uncertain environment for short-term gains, the manufacturer needs not to waste its resources for tight control over its supplier. As such, the manufacturer is able to adapt to an uncertain environment without resorting to a high degree of vertical control if it has trust in its supplier. Likewise, trust may reduce a manufacturer's discontent with its supplier's performance. If the firm has trust in its supplier, uncertainty does not necessarily lead to the supplier's perceived performance as less favorable.

In sum, this study suggests that the inclusion of trust in TCA will enhance the predictive power in that trust can be a criterion of applying different forms of TCA in different conditions.

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**MULTIPLE LEVELS OF TRUST AND DEPENDENCE ON SUPPLIER-DISTRIBUTOR COORDINATION:
AN EMPERICAL TEST**

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ABSTRACT

Several activities are required for successful management of channels of distribution, including coordination or joint activities that take place between suppliers and distributors. Research indicates that trust and dependence are antecedent to coordination. However, research is scarce about how two levels of analysis (interpersonal and interfirm) of important channel antecedents operate together on the outcome of coordination. The conceptual model tested suggests that an interfirm level construct mediates its related interpersonal construct. Two antecedents of coordination at the interfirm level of analysis were tested: (1) the trust that firm A has in firm B (interfirm trust) and (2) firm A's dependence on firm B (interfirm dependence). Two interpersonal variables were tested: (1) interpersonal trust and (2) interpersonal dependence. As hypothesized, results show that interfirm trust mediates interpersonal trust and that interfirm dependence mediates interpersonal dependence with the outcome of coordination.

References available upon request

**FORMULATING LOYALTY ATTRIBUTES IN B2B FAILURE/RECOVERY EPISODES:
THE IMPACT OF QUALITY, SERVICE RECOVERY, RELATIONSHIP SATISFACTION AND TRUST**

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ABSTRACT

Drawing on relationship and services marketing literature, the authors empirically test a model of business loyalty in a sample of 471 industrial clients of coffee machines experiencing a failure/recovery incident, integrating the concepts of service quality, product quality, service recovery satisfaction, industrial relationship satisfaction, and trust. The study builds on recent advances in services marketing theory assessing the relationships underlying the identified constructs in the b2b environment. The results demonstrated a clear pattern of service and product related quality dimensions, and a number of other important findings including the empirical verification of the mediating role of overall relationship satisfaction in the formation of loyalty attributes. We note that industrial relationship satisfaction is mainly explained by product and service quality, as demonstrated by the variance explained ($R^2 = 50\%$). The results clearly showed the existence of a positive bond between perceived quality of product / services and industrial relationship satisfaction supporting thus H1. A detailed examination of the results reveals the existence of direct and indirect bonds concerning the service quality dimensions. Indeed, the perceived quality of the delivery and sales services exert a positive and direct influence on industrial relationship satisfaction. The technical service aid and installation service behave differently, and product quality fully mediates their impact on industrial relationship satisfaction. The impact of trust is verified as well. The present empirical inquiry begins with an examination of the literature pertaining to each of the concepts involved and the presentation of our conceptual framework. The methodology employed in this research is then explained and the study results presented and discussed. Finally, conclusions and managerial implications of the study are provided and a set of future research directions examined along with study limitations.

EFFECTS OF COUPONS ON CONSUMER PURCHASE BEHAVIOR: A META-ANALYSIS

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ABSTRACT

77% of the United States population uses coupons and shoppers saved more than \$3 billion last year by doing so. Coupon users report an average of 11.5% savings on their grocery bill with coupons, prompting manufacturers to respond by offering more than \$250 billion in coupon savings in 2003. No doubt, therefore, that 'coupons' have been investigated extensively, and from a very divergent perspective (Chatterjee et. al 2000; Cheema et. al 2002; Heilman 2002).

In this study, we have tried to investigate whether coupons affect how, why or what we intend to purchase. We also speculate that the effect of coupons (if present) may be moderated by different factors such as the method of distribution of coupons, the country in which data is gathered, type of product on which a coupon is issued, type of study conducted, type of data collected and the type of coupon that is redeemed. Our effective sample size was thirty-two studies with sixty-seven effect sizes (r values).

The consumer's behavior towards the coupon, the main dependent variable, is operationalized through three main constructs: Coupon usage, Product Perception and Purchase. On the other hand, we framed our main independent variable as Perception Towards Coupon, which can be operationalized by three main constructs: Coupon Attitude, Coupon Perception and Coupon Knowledge. According to the literature, coupon attitude includes items such as coupon proneness; coupon perception can be measured by coupon value perception and coupon value consciousness and finally, coupon knowledge is measured by items such as price knowledge.

The following variables turned out to be significant: 'Coupon Attitude' and 'Coupon Knowledge' (both independent variables); 'Coupon Use' (dependent variable), 'Manufacturer Coupons' and 'Subjective Outcomes' (both contextual); this implies that there exists notable disagreement among researchers as to the effects of these variables in influencing the relationship between coupons and purchase behavior of individuals. While our major challenge in this exercise has been to conceptualize, categorize and classify the plethora of independent, outcome and contextual variables, we have attempted to be as objective as possible. As such, we believe that we have been able to explain the results of our study fairly intuitively.

We believe that a reasonably broad perspective on how the consumer perceives coupons and how their behavior may or may not be moderated by certain factors will make the retailer/manufacturer of coupons more knowledgeable and enable him/her to design a more effective marketing strategy. This, in turn, will lead to better use of marketing dollars. For example, if research reveals that primary data is not as reliable as secondary data or that, neither of them can have a significant impact on the effect size, then issuers of coupons can think of alternative ways as to how they can capture data on customer response. Secondly, managers should concentrate on electronic coupons, a field that is relatively untouched; this might throw new light on the direction and magnitude of effect sizes as well as existing relationships on behavior. Thirdly, the study is an indication for both retailers and managers that they should pay more attention to standardizing scales for measuring the impact of coupons on purchase behavior. On the other hand, our obvious limitation was the relatively smaller number of studies that we found relevant for our analysis, despite our best efforts. Nevertheless, there have been past instances of meta-analyses performed with even fewer studies (Sultan et. al 1990 with 15 articles; Szymanski et. al 1995 with 16 studies; Dant et. al 1996 with 17 studies etc. in comparison to ours, with 22 studies). Thus, future research might circumvent this issue by broadening the horizon of research to include other promotional tools (such as paper advertisements, television commercials and so on).

ANTECEDENTS OF CONSUMER PERCEPTION AND PURCHASE OF FOREIGN PRODUCTS

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ABSTRACT

The survival of a manufacturing firm is dependent upon the consumers' acceptance and purchase of its products. The reduction of trade barriers between nations has led to an increased exposure of foreign products within these countries. Emerging national economies, such as India, have produced a growing middle class of consumers with more discretionary income for personal consumption (Bandyopadhyay and Banerjee 2002). Within this global marketplace, firms face ever-increasing competition that is aggressively vying for customer attention with substitutable products offerings. It is imperative for marketing managers to accurately assess consumer product perceptions in order to forecast market entry acceptance and to gain or sustain their competitive advantage.

Despite the apparent importance of analyzing consumer product perceptions, there is a lack of research in modeling these perceptions toward foreign products. The purpose of this study is two-fold. The first objective is to identify, prioritize and categorize determinants of consumer perceptions of foreign products based on previous research. Secondly, a testable model is proposed, consisting of the main determinants of consumer evaluation of foreign products, their attitude towards these products, their purchase intention, and their actual purchase of foreign products. Potential evaluative methods for empirical testing are also suggested.

An extensive literature review was conducted to identify the key determinants of consumer perceptions and purchase of foreign products. Several variables have been found to positively influence consumers' evaluation of foreign products, particularly brand image, product attributes and product price (Balabanis and Diamantopoulos 2004; Kaynak and Kara 2002; Samiee 1994). Price also plays an important role in influencing the consumers' purchase intention of foreign products. While country of origin image positively influences all four stages (i.e., evaluation, attitude, purchase intention, and purchase), consumer ethnocentrism has a direct negative effect upon these stages. The consumers' animosity towards the country of origin was found to have a negative influence upon purchase intention, while the consumers' perceived responsibility of helping their fellow workers negatively affected the purchase of foreign products.

The next step in this research is to empirically test the proposed model and evaluate the explanatory strengths of each predictor while in the presence of the other primary determinants. Structural equation modeling will be used to factor analyze the conceptual framework, investigate the posited relationships simultaneously and test potential moderating effects through multigroup analysis. The literature review also indicated potential research areas, including the need to extend the analysis of consumer perceptions and purchase beyond the U.S. and European markets. As an implication of this line of research, managers who can identify the relative influence of these consumer perception and purchase determinants are able to tailor their marketing strategy to increase consumer acceptability of their products.

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NIHONMACHI: THE CONSUMPTION OF JAPANTOWN, SAN FRANCISCO

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ABSTRACT

Studying geographical ethnic market places like China towns, Little Italy, or Japan town can give us unique insight into material artifacts, cultural symbols, popular culture, and cultural context within which such retail setting thrive. Such an analysis can provide us an understanding of how ethnic groups maintain their cultural identity within the majority culture. The present study uses ethnography to thickly describe' (Geertz, 1973), the cultural context unique to the retail settings of Japantown in San Francisco. We hope this investigation into ethnic Japanese culture as manifested in the retail settings of Japan town will help marketers create a framework in which businesses would have a greater understanding of their ethnic customers and, even, in some ways, preserve the culture and traditions of that ethnic group.

Following the rich ethnographic tradition (e.g. Penaloza, 2001) we conducted an extensive field analysis of the Japantown area, using field diaries, notes, and photographs to create an interpretive account of the site. Observations were made between the months of January and April of 2004. The field notes and pictures were carefully analyzed. Cultural knowledge uncovered was interpreted using literature on Japanese culture and the Japanese way of life.

The insights from the ethnographic investigation gave us a glimpse into the unique way that Japanese culture is being consumed, portrayed, and embellished in Japantown. It also gave us a glimpse into what customers, specifically Japanese Americans, shop for and look for in the shops at Japantown. Overall, brand reputation and quality seemed important factors when most Japanese Americans were observed purchasing items. Warranties were offered in multiple locations for various merchandise, and customer service was notable in every shop. The insights from this ethnographic investigation show some unique preferences of Japanese Americans, like the wide spread use of animation in advertising, packaging and presentation, the use of lucky symbols, and the popularity of Hello Kitty. Marketers targeting ethnic Japanese or even expanding into Japan must carefully analyze the Japanese marketing communication material and incorporate animation and other lucky objects in their advertising and packaging. Marketers also need to pay close attention to the Japanese sense of harmony that was beautifully depicted in the presentation of food at restaurants in Japantown. Some companies that are selling in the Japantown area are already localizing their offerings to this area, like Denny's, Best Western, AMC et cetera. and marketers can look at these examples to carefully craft their localization strategy when targeting Japanese Americans

References Available upon request.

LIFESTYLES, ATTITUDES AND MEDIA HABITS OF THE NET GENERATION IN BANGLADESH

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ABSTRACT

This study examines the lifestyles, attitudes and media habits of a sample of the Net Generation students in Bangladesh and identifies four distinct subgroups within the generation. Each subgroup reveals discernible differences with respect to attitudes towards advertising, use of traditional and interactive media and sources of product and service information.

INTRODUCTION

The past two decades have witnessed unprecedented advances in digital technologies such as the Internet and the World Wide Web and their adoption and diffusion. Business organizations all over the world have been increasingly using these technologies in marketing communications to achieve better information flow (Bush, Bush and Harris 1998; Larson 1998) and improved technology-driven solutions. Although information overload on the Web has made reliable searching laborious (Bakos 1991) and comparison of product attributes difficult (Alba, Lynch, Weitz, Janiszewski, Lutz, Sawyer and Wood 1997), the shopping convenience offered by online vendors in terms of time, space and effort savings seems to have outweighed these shortcomings. Hence, it is not surprising that global usage of the Internet jumped from 361 million in 2000 to 817.5 million in early 2005 (<http://www.internetworldstats.com/stats.htm>).

Of all the Internet users, a particular group, dubbed as the 'NetGens' or the 'Net Generation' by Tapscott (1998), deserves special attention. Born between 1977 and 1997, this Generation accounts for about 30% of the US population and represents a new breed of technologically savvy individuals who are emotionally and intellectually more expressive, self reliant, curious, assertive and tolerant than their immediate predecessors. They tend to exhibit a stronger sense of autonomy and independence by accepting new innovations and ideas and absorbing them into their everyday work environment. Stapinski (1999) found these individuals to resent the superficialities of life. In a recent study conducted in Western Australia, Napoli and Ewing (2001) identified four groups of people within this cohort - each with different attitudes, values, and buying habits.

The Internet is fast gaining popularity in the Third World countries. For example, the number of Internet users in Bangladesh – a poor Third World country - has leapfrogged from a mere 1000 in early 1997 to 'more than 250,000' in 2000 (Rahman 2001). The trend of adoption of the Internet and anecdotal evidence suggest a figure anywhere between 350,000 and 500,000 users in 2005. Half of these Internet users are students (Azad and Islam 1997), who may be viewed as the Bangladeshi 'NetGens.' Studies involving these new breed are rather scarce and limited to developed nations such as the USA and Australia with heterogeneous population. The objective of this study is to broaden our understanding of the 'NetGens' by examining the lifestyles, attitudes, and media habits of the Net Generation in the contrasting context of a less developed Third World country with a homogeneous population - Bangladesh.

THE NET GENERATION: A DIFFERENT BREED

The advances in interactive and digital technologies have provided the 'Net Generation' people with the tools to readily access information enabling them to think critically, disagree with, or even challenge ideas that they do not subscribe (Tapscott 1998). They view advertisements as a mere tool to facilitate the sale of goods and services (Omelia 1998) and are unlikely to be carried away by "marketing hype" (O'Leary 1998). Recent advances in the digital technology have prompted some researchers to forecast the decline of traditional marketing media in the future (Bunker 1995); yet others tend to argue that technology will complement traditional media (Cartellieri, Parsons, Rao and Zeisser 1997; Coffey and Stipp 1997; Kassaye 1997). Irrespective of whatever happens, marketers will need to reconsider their communication strategies to appeal to this new generation and think how the Internet and Web sites may be best used to reach this audience (Cheng 1999).

The Net Generation - which represents a large group of consumers in any society - will continue to significantly influence family/household purchases until they join the work force. As they become part of the work force and grow older, their discretionary income will increase and they will emerge as a powerful consumer group (Napoli and Ewing 2001). As consumers, they expect product variety and customized products to suit their individual requirements (Tapscott, 1998) and are concerned about style and quality rather than price. As such, they tend to prefer branded products. However, their brand loyalty tends to be short lived (Cheng 1999). To encourage brand loyalty amongst these people and build relationships with

them, marketers need to link their respective brands to the value systems of the Net Generation by looking beyond their demographic characteristics and developing a clear understanding of their lifestyles and values (O'Leary, 1998). Attitudes and interests reflect people's internal psychological state, which in turn affects their behaviors across various consumption and non-consumption categories (Holt 1997). Many researchers have used value systems and lifestyle concepts as predictors of mass media usage and cross-cultural differences (see for example Becker and Connor 1981; Schwartz and Bilsky 1987).

This study examines the lifestyles, attitudes, and media habits of the Net Generation in Bangladesh. Following Napoli and Ewing (2001) it proposes that the Net Generation, in this case, in Bangladesh, can be categorized into distinct groups based on their interests and the types of activities they participate in, and this will influence (i) their attitudes towards advertising in general, (ii) their current use of print and broadcast media, (iii) their current level of Internet use, and (iv) the degree to which they use traditional and interactive media as sources of product information.

RESEARCH METHODOLOGY AND DATA ANALYSIS

Data for this research was collected using a survey questionnaire on a convenience sample of 217 male and female students between 14 and 23 years of age studying at schools, colleges and universities at Dhaka, Bangladesh. The questionnaire sought responses with respect to the respondents' current media habits, use of the Internet, attitudes towards advertising and lifestyle characteristics. In their original work, Napoli and Ewing (2001) sought responses to 28 attitudinal statements measuring lifestyle characteristics expressed in terms of the activities that their respondents participate in and their interests. The current study, however, used 32 statements. Like Napoli and Ewing (2001), most of these statements have been adapted from the work of Soutar and Clarke (1981) - a few culture-specific statements were added to better reflect the lifestyle characteristics of the Bangladeshi respondents. Questions relating to the respondents' current media habits were adapted from the works of Burnett and Paul (1996), Keillor, Parker and Schaefer (1996), McCarty and Shrum (1993) and Teo, Lim and Lai (1997). Items to measure the attitudes towards advertising were taken from an earlier study by Ewing and Caruana (1999). The questionnaire was administered in the respondents' native language – Bengali. Originally phrased in English, the items were first translated into Bengali and were back translated to English to overcome any language bias. While face validity of the items was assured by a panel of marketing managers and researchers, their reliability was confirmed by using the test-retest method of reliability. Responses to the various items were recorded using different types of scales. *Lifestyle item scores* were recorded on a 7-point 'agree-disagree' scale (1 = strongly disagree, 4 = neither, and 7 = strongly agree), whereas responses to the *attitudes toward advertising questions* – i.e., the degree to which the respondents liked or disliked advertising in various media – were recorded on a 5-point 'like-dislike' scale (1= strongly dislike, 3= neither, and 5= strongly like). In the same vein, responses to questions pertaining to *use of print and broadcast media* and *use of the Internet* were recorded along a 5-point scale (1= < 0.5 hr., 2= 0.5-1.00 hr., 3= 1-2 hrs. 4= 2-3 hrs. and 5= 3+ hrs.). Finally, responses to *sources of product information* were recorded along a scale anchored at 1= never used and 5= always used.

The survey returned 161 usable questionnaires representing a high response rate of 74%. Data were analyzed using a K-Means clustering technique on all the 32 items. Tests using various cluster groupings (ranging between 2 and 5), and use of n/50 rule of thumb suggested a 4- or 5- cluster solution. However, the 4-cluster solution was chosen as it showed lesser variability within the groups along each dimension. A one-way ANOVA was used to test for differences between the groups in their attitudes towards advertising in general and their use of various media including the Internet.

RESULTS

The cluster analysis identified four subgroups within the Net Generation labeled as *the Liberal Socialites*, *the Home Makers*, *the Sports Buffs* and *the Traditional Idealists*. Table 1 summarizes the various lifestyle characteristics of these groups.

Cluster 1: The Liberal Socialites. The *Liberal Socialites* are predominantly male (61.5%); above eighteen years old (82.1%); and have been using Internet for more than two years (69.3%). They significantly differ from the other three subgroups in a number of aspects. For example, they are distinctively the **least**: traditional; enthusiastic about sport; and price-conscious shoppers. They are the **least likely** to attend religious activities; to watch or listen to sporting events; listen to music on the radio and to use television as their main source of entertainment. It, however, seems somewhat interesting that the *Liberal Socialites* are the **least likely** to have a close-knit family group; have close relations with the family and spend time with their immediate family. On the other hand, they appear to be the **most**: likely to go out in the evenings; keen on stage-drama performances and prone to using hire-purchase schemes. It is rather interesting to note that *the Liberal Socialites* appear to be the **most** nature loving. It is paradoxical to explain why this group is most keen on leaving Bangladesh and settle in an advanced country; and at the same time is willing to use their abilities for nation building purposes.

Cluster 2: The Home Makers: This subgroup is mainly comprised of females (70.5%) above eighteen years of age (77.3%), about 61.4% of whom have been using the Internet for more than two years. Compared to the other subgroups, *the Home Makers* are the **least likely** to: be involved in activities outside their home and educational institution; go out most evenings; and, to enjoy reading the newspapers' sports pages. On the other hand, they are the **most likely** to: have a close family; want close family relationships; spend time with the family and work around the home. They are also **most likely** to: be price conscious shoppers; spend most of their time watching television and use TV as their main source of entertainment; and consider being well dressed as an important part of their life.

Cluster 3: The Sports Buffs. The majority of the members in this cluster are male (78%) under 20 years of age (79.5%), only 29.3% of whom have been using the Internet for more than two years; the rest are relatively new users of this technology. They appear to be the **least likely** to: spend time working around the home; pay cash for what they buy; watch stage-drama performances; consider being well dressed as an important part of their life; and, enjoy attending cultural functions. Interestingly, *the Sports Buffs* appear to be the **least likely** to leave Bangladesh and settle outside; however, they do not seem to be very keen on using their abilities for nation building purposes. They are the **most likely** to: be sports enthusiasts; enjoy reading the newspapers' sports pages and listen to the radio often.

Cluster 4: The Traditional Idealists. Members of this subgroup are almost evenly split between male (54%) and female (46%). About two thirds (67.5%) of them are aged 20 years or less, while about a third (32.4%) of them has been using the Internet for more than two years. *The Traditional Idealists* appear to be the **least likely** to: spend their time watching television; be interested in hire-purchase schemes; and settle in an advanced country. Also, they appear to be the **most likely** to: be traditional; attend religious activities; pay cash for what they buy; spend time with their immediate family; have close family relationships; and, enjoy attending cultural functions. Interestingly, they appear to be involved in activities outside their educational institution and home.

Attitudes toward Advertising

The responses to the degree to which the respondents liked or disliked advertising in various media, reveal that respondents' have negative to slightly positive feelings towards advertising. Mean Cluster differences in attitudes toward advertising appear to be significant only for newspapers, television and radio. Preference for Television and Radio, are at best, marginal. Results of a one-way ANOVA used to examine the relationship between the cluster groupings and general attitudes towards advertising show that only *the Home Makers* have a slight positive attitude towards advertisement on television, followed by advertisements in popular magazines and newspapers. *The Sports Buffs* seem to have marginal preference for radio advertisements followed by advertisements in popular magazines and newspapers. For *the Traditional Idealists* the most preferred advertisements were those in the newspapers followed by radio and Television, respectively. Their preference for TV advertisements was marginal. Interestingly, the *Liberal Socialites* do not seem to like advertisements at all. However, none of the subgroups seemed to have much interest in advertisements in Cinema Halls and those directed to personal email addresses.

Current Media Habits

It appears that about half (50.3%) of the respondents spent less than two hours per day reading newspapers, while the proportion of people spending the same amount of time reading popular magazines is 52.8%. The results also indicate that 55.3% of respondents spend less than two hours per day watching TV, while 49.7% of the respondents spend similar amount of time listening to radio. Almost two thirds of the respondents seem to spend less than two hours browsing the Internet. The results of a one-way ANOVA show that *the Traditional Idealists* spend significantly more time reading newspapers and magazines than the other subgroups. However, when it comes to listening to radio and watching television, *the Traditional Idealists* and *the Home Makers*, respectively, tend to spend most time. It is *the Liberal Socialites* that tend to spend more time on the Internet. The results also reveal some interesting phenomenon. For example, whilst *the Liberal Socialites* favor the magazines best, *the Traditional Idealists* spend more time reading these. Although *the Sports Buffs* like the radio best, *the Traditional Idealists* tend to spend more time listening to the radio. Also, *the Traditional Idealists* spend more time reading newspapers, compared to other subgroups. These findings seem consistent with the general demographic profile of each cluster. Responses to question *number of times respondents access the Internet per day* revealed significant differences; *the Home Makers* tended to access the Internet significantly more frequently than the other groups. Next in line were *the Liberal Socialites*. However, responses to the question *number of times they watch movies* were more or less similar: the frequency of watching a movie in a cinema hall ranged between one and two per month.

Sources of Product Information

Responses to how frequently respondents used different media to obtain information about a product or service yielded a mixed pattern. While word-of-mouth (WOM) emerges as the most favored source for all groups – followed by print media and TV advertisements, respectively - the order of preference for the other sources is different, depending on the focal group. The *Liberal Socialites* appear to be most fond of WOM followed by magazine, newspaper and TV advertisements and least fond of radio advertisements as sources of their product information. For the *Home Makers*, WOM is followed by newspaper, TV and magazine, respectively. The *Sports Buffs* do not seem to fancy any other media type as much as the other subgroups, except WOM. Their preference for magazine advertisement as a source of product information is marginal. They seem to be reluctant to use any of the other forms of media as a potential source of information about a product or service. This is interesting, given it conflicts with their attitudes to advertising reported earlier. In order of preference, the *Traditional Idealists* use word-of-mouth, newspaper, magazine, TV and radio, respectively, as sources of their product information. However, their preference for radio advertisements is marginal. These results clearly indicate significant differences between the clusters with respect to the type of media they use to seek information about a product or service. It is also important to note that attitudes to media are not necessarily consistent with where groups obtain their product information from.

IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH

The results of the study tend to confirm the existence of a ‘Net Generation’ in Bangladesh. These people tend to fall in one of the four distinct segments each of which is different in terms of lifestyle attributes and demographic characteristics. These subgroups are very different from those identified by Napoli and Ewing (2001). Each of the four subgroups also differs with respect to their attitudes towards advertising. For example, the *Home Makers* and the *Traditional Idealists* tend to have more positive attitude towards traditional forms of advertising, the *Sports Buffs* and particularly, the *Liberal Socialites* being more negative in their views and perceptions of advertising mediums. The investigation also noted differences between the groups with respect to their current use of print and broadcast media. For example, the *Liberal Socialite* more often use magazines, the *Home Makers* use TV, the *Sports Buffs* radio and the *Traditional Idealists* newspapers. It is clear that respondents tend to acquire information about a product or service from more traditional sources, such as word-of-mouth communication, TV and magazines advertisements, rather than the Internet. This seems to be true for all the clusters except the *Sports Buffs*. An interesting finding is that favorite media sources are not necessarily where all groups obtain their product information from.

The research findings clearly indicate that, as a source of product information, the Internet has a long way to go to catch-up with the print and broadcast media in Bangladesh society today. These findings echo Cartellieri and colleagues (1997), Coffey and Stipp (1997) and Kassaye (1997) and Napoli and Ewing (2001), who maintain that the Internet has not yet replaced the traditional print and broadcast media; it is perhaps used as a complementary source in providing information. Given these trends, the fact that Bangladesh is a poor country and its Net Generation is not very large, it does not appear prudent for marketers in Bangladesh to rely solely on the Internet to reach and communicate with the Net Generation people. For the time being, they should try to develop integrated marketing communication [IMC] strategies that rely more on the traditional media channels; the Internet may become a component of the IMC in a couple of years when the number of the Internet users increases. Marketers must not delude themselves in thinking that they can offer a single, unique solution to meet the needs of the entire market. To cater to the needs and wants of these people, it is critical for marketers to identify segments within the Net Generation and develop a thorough understanding of their interests, characteristics and attitudes.

Like most survey research, this study also has several limitations. First, the sample used may not be sufficiently representative of the cohort – students from Dhaka, the capital city of Bangladesh neither represent all students nor all the NetGens. Secondly, the sample is perhaps biased towards more mature people within the cohort, which might have influenced the cluster groupings. Third, since the data has been stretched rather thin (having 32 variables and a sample size of 161), the findings of this research must be viewed with certain caveats and should not be generalized. Future research should be conducted using a larger sample across the nation as a whole. Future researchers may also like to undertake cross-cultural studies involving other Asian and Western nations.

The author would like to thank the anonymous reviewers and his colleague David Gray for helpful comments and suggestions on previous versions of this article.

TABLE 1
Mean Individual Item Scores by Cluster
(Scale: 1 = strongly disagree to 5 = strongly agree)

ACTIVITIES AND INTEREST	All N=161	Cluster 1 Liberal Socialites N =39	Cluster2 Home Makers N =44	Cluster 3 Sports Buffs N =41	Cluster 4 Traditional Idealists N =37
1. I am pretty traditional about most things	3.20**	1.89 /bcd	3.21/ac	3.71/ab	4.01/a
2. I attend religious activities	3.03**	2.28/bcd	3.5/a	2.68/a	3.63/a
3. I have a very active social life	3.94	3.85	3.73	4.08	4.15
4. I am a sports enthusiast	3.52***	2.81/cd	3.01/cd	4.61/ab	3.32/ab
5. I like to spend my time working around home.	2.88**	2.22/b	3.92/acd	1.95/b	3.4/b
6. I spend a lot of my time watching TV	3.16**	3.01/bc	3.82/acd	3.64/ad	2.02/abc
7. I am very fashion conscious	3.63	3.77	3.80	3.52	3.76
8. Having a close family is extremely important to me	3.90	3.52/bd	4.32/ac	3.54/bd	4.22/ac
9. In general, I don't believe in using hire-purchase scheme	3.10**	2.67bcd	3.34/ac	3.98abd	3.41ac
10. I enjoy listening to music on the radio	3.93	2.98/bcd	4.21/a	3.98/ad	4.54/ac
11. I am a price conscious shopper	3.56**	2.97b/d	4.23/acd	3.29b	3.67a/b
12. I like nature	2.80***	3.98/bcd	2.8/acd	2.02/abd	2.44/abc
13. I like to pay cash for everything I buy	3.42**	3.12/bd	3.67/ac	2.89/bd	4.02/ac
14. I am involved in many activities outside school/home	3.84***	4.09/b	3.19/a	3.87/b	4.32/b
15. I like to watch stage-drama performances	2.69***	3.82/bcd	2.65/ac	1.81/abd	2.54/ac
16. I often feel like leaving Bangladesh	3.36	4.21/bcd	3.30/ac	2.76/bd	3.2/ac
17. I like to watch or listen to sporting events	3.16**	1.95/cd	2.55/cd	4.21/ab	3.98/ab
18. For me, television is the main source of entertainment	2.86**	2.34/bc	3.55/ad	2.97/ad	2.45/bc
19. I go out most evenings	2.03**	2.44/b	1.33/acd	2.18b	2.25b
20. I enjoy reading the newspapers' sports pages	2.90***	1.99c/d	1.65c/d	4.23a/b	3.86a/b
21. I believe in practicing my religion	3.36**	2.58/bcd	3.8/a	2.98/a	3.93/a
22. I often watch television	3.25**	2.43/bc	4.32/acd	3.63/abd	2.41/bc
23. I usually wear clothes of the latest fashion	3.50	3.2	3.68	3.56	3.62
24. I usually watch for the lowest price when I shop	3.27	2.55/bcd	3.56/a	3.44/a	3.5/a
25. I enjoy listening to popular music	4.06	3.89	3.97	4.1	4.3
26. I want to use my abilities for nation building purposes.	3.36**	4.21/bcd	3.3/ac	2.76/abd	3.2/ad
27. It is important to me to spend a lot of time together with my immediate family.	3.78**	3.00/bcd	4.21/ac	3.54/bd	4.34/ac
28. Being well dressed is an important part of my life	3.68**	3.54/ bd	4.11/ac	3.09/bd	3.98/c
29. My immediate family is a very close knit group	3.63**	3.02/b	4.12/ac	3.03/bd	4.34/ac
30. I enjoy attending cultural functions	3.60***	3.88/cd	3.57/cd	2.98/abd	4.01/bc
31. I often listen to the radio	3.85	3.25/cd	3.56/cd	4.41/ab	4.21/ab
32. I wish I could settle in an advanced country	3.01**	3.76/bcd	3.13/ad	2.77/ab	2.68/acb

***Results of ANOVA significant at $p < 0.01$; **Results of ANOVA significant at $p < 0.05$

/a, /ab, /abc etc. represent significantly different cluster group means for each variable at $p < 0.05$ by Bonferroni

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**Foreign Made Products:
The Effect of Stereotypes and Consumer Involvement**

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ABSTRACT

This study explores the role of consumer involvement and product attribute information as possible moderators to the effects of country of origin on product evaluations. In spite of the agreement among researchers that consumers' evaluations of foreign products are influenced by the country of origin, there have been mixed conclusions as to how the country of origin cue is used to form consumer's perceptions and evaluations. Major questions about the way consumers acquire, process and use the country of origin cue have been raised. For example, it has not yet been clear to researchers the process by which country of origin information influences evaluations and why this process holds in certain cases and not in others.

We propose that both consumer involvement and product attribute information moderate the effects of country of origin on evaluations of foreign made products. We find support for our arguments in the elaboration likelihood model which suggests that under conditions of high involvement, individuals will use greater cognitive effort to form a reasoned and rational opinion (Petty and Cacioppo, 1981). Results suggest that highly involved individuals base their judgments on the desirability of product attribute information despite the country of origin while individuals with lower involvement may use country of origin as the basis for their perceptions regardless of product attribute information.

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**CONSUMER RESPONSES TO SEXUAL APPEAL IN CROSS-CULTURAL ADVERTISEMENTS:
THE MODERATING ROLE OF CULTURAL VALUE ORIENTATIONS**

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ABSTRACT

This study investigates how consumers from Mexico and U.S. respond to sexual appeals in cross-cultural fashion advertisements. Special emphasis is placed to examine how consumer's underlying culture values moderate their responses to sexual appeals in advertisements. The study employs a 2 x 2 factorial between-subject, post-test only experiment design to examine these relationships.

Findings suggest both nationality and sexual appeal influence consumers' Aad and Ab, denoted by consumers' more favorable attitudes toward a milder sex appeal than to a sexually overt stimulus. However, the interaction effects among nationality and sexual appeal is not significant. Four cultural values from Hofstede's 5-D framework are used to examine the moderating role of consumers' IDV/COL, MAS/FEM, UAI, and PDI in determining their Aad and Ab. While consumers' uncertainty avoidance index (UAI) is a powerful predictor of their Aad and Ab. Other indices are not found to be significant. The usefulness of cultural values in predicting cross-cultural advertising effectiveness is discussed. Implications and extensions into other cross-cultural settings are suggested for future research.

References available upon request

THE PURSUIT OF HAPPINESS: WHAT DOES IT MEAN TO MARKETERS?

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Aristotelian philosophy states that the primary goal sought by human beings is the achievement of happiness; that every other goal we set is intended to bring us closer to the ultimate goal of happiness (Conchar and Zinkhan, 1999). Many researchers and scholars have studied happiness, each from a differing perspective. Maslow (1987) views happiness as the ongoing fulfillment of a hierarchy of needs; Diener (1984) measures it as subjective well-being or satisfaction with life; Csikszentmihalyi (1990) coined the construct of flow; marketers describe it alternately in terms such as hedonic consumption experience or consumer satisfaction and delight. The right of individuals to the pursuit of happiness is a core value of the American people, but the implementation of strategic frameworks and systems to support that pursuit is seldom explored in marketing. Here, a meta-view of the potential relevance to marketers of consumers' search for happiness is presented.

Marketers might contribute to consumers' pursuit of happiness at different levels. At the most basic level, marketers assist with the identification and satisfaction of basic consumer requirements through the introduction of products and services that enhance/improve consumers' experience of their fundamental needs. One's satisfaction with specific consumption events may add to one's sense of satisfaction with life, general well being, and happiness. From a marketing perspective, we might expect consumers to seek those products and services that contribute to the achievement of the greatest level of happiness. In this quest, they might try to select products and services that serve to optimize the consumption experience (Conchar and Zinkhan 2000) or the advancement of their life goals.

The promotional function has been the target of much criticism in the public arena. Many believe that advertising encourages us to seek happiness in the wrong places, particularly in store aisles and shopping malls, trapping us in a vicious cycle of materialism. This may explain why some people have an intrinsic resistance to marketing efforts (Zinkhan, 1997). Similarly, confusing pricing strategies might add layers of unwelcome complexity to the course of marketplace exchanges.

Marketing strategy that is grounded in a commitment to consumers' pursuit of happiness offers profound implications for delivery methods in all arenas of marketing management, such as the development of buyer/seller relationships, corporate social responsibility programs, retail atmospherics or the structuring of finance plans, to name but a few. Marketing companies can explore ways to thread into the fabric of their corporate mission consumers' ultimate goal and, hence, mold their corporate culture and shape every aspect of their business performance and delivery in such a way that the core essence of the marketplace and its role in society is integrated in the pursuit of happiness.

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CAUSE-BRAND ALLIANCES: CONSUMERS PURCHASE CAUSE-RELATED PRODUCTS TO FEEL GOOD!

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With the increase in not-for-profit and cause-related marketing activities, researchers have turned their focus to identifying reasons why people might support charitable causes and under what circumstances consumers might be more likely to buy a product partnered with a particular cause (e.g., Barone, Miyazaki, and Taylor, 2000; Cunningham and Cushing, 1993; Lafferty, Goldsmith, and Hult, 2004).

Cause-brand alliances are defined as long-term partnerships between a firm and a cause whereby the firm contributes a specified amount to the cause when consumers purchase designated brands thus forming a deeper bond with consumers and satisfying the long-term goals of both partners with regards to organizational awareness, image, and market positioning. Studies have shown that consumers increase their purchase intentions of a product and positive attitudes toward that product when the product is associated with a cause (e.g. Yoplait yogurt's association with the Susan G. Komen Breast Cancer Foundation). For example, Lafferty, Goldsmith, and Hult (2004) found that consumers' attitudes toward the brand are enhanced by an association with a cause and attitudes toward the cause also are enhanced by their association with the brand. This positive effect, in turn, increases purchase intentions.

Many studies of charitable giving behavior have attempted to apply economic theory to giving activity, and few have provided insights that could be useful to marketers of altruistic causes (Guy & Patton 1989). It has been speculated that people only help others because they expect an economic or social reward for doing so (Collard 1978). Similarly, individuals may help others with the expectation that others may help the giver at some future time (Penrod 1983). Some social scientists suggest that people help others in order to adhere to social norms (Reykowski 1982), while others have found that empathy and guilt may be a strong motivator for altruistic behavior (Hoffman 1982). Shaffer & Smith (1985) are the first to suggest that mood is an important factor in altruistic behaviors. Their studies show that if people in a bad mood are shown that giving to a cause will make them happy, their giving behavior increases.

There is growing support for the beneficial effect that a cause-brand alliance has on attitudes and purchases, but our understanding of the process may be incomplete (Radley & Kennedy 1995). A missing component that researchers have not yet measured in cause-brand alliances is how the purchase makes consumers feel. We propose that people are likely to purchase a product associated with a cause simply because it makes them "feel good."

References Available On Request.

EVERY DAY QUALITY OF LIFE: ARE TRADITIONAL MARKETING MODELS INCOMPLETE?

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In contrast with traditional cognition-based models of brand choice, neuroscience supports the powerful influence of affective components of decision-making. Every decision that consumers make is influenced by affective factors, sometimes moderated by the cognitive knowledge we have (Damasio, 2000). We do not think consciously about every nuance of every brand we choose – in most purchase situations, we buy simply because we feel, deep in our implicit memories, a stronger emotional “liking” for one brand than another. This form of response is commonly termed “low attention processing” (Heath and Ryder, 2004). Affective inputs into decision-making represent one form of shortcut, or heuristic, that consumers invoke when making routine purchases of low-involvement products. Damasio (1994) has shown that affective response to sensory input is processed instantaneously and irrespective of how much cognitive attention is paid to the input (e.g., a commercial).

An important question for advertising and marketing scholars and managers is “what determines the relative influence of cognitive versus affective factors on decision-making?” Empirical evidence suggests that happier people make more use of these affective heuristics while less happy people tend to pay more cognitive attention to brand communications (Schwarz, 2000). Levels of personal “happiness” also affect how people use their networks and word-of-mouth. Here, the link between personal well-being and processing styles is discussed. Themes such as the relationships between levels of personal happiness and the use of affective heuristics, networks, and word-of-mouth in decision-making are explored. Data from the Research Surveys’ Everyday Quality of Life (EQL) model demonstrate that understanding people’s everyday quality of life and their well-being is of central importance for marketing communications.

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CUSTOMER PERCEPTIONS OF BANK SERVICE DELIVERY TECHNOLOGIES IN THE UNITED STATES AND ENGLAND

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ABSTRACT

This study compares bank customer perceptions within the United Kingdom and the United States regarding selected bank service delivery technologies (including automated teller machines, automated menu-driven telephone answering services and Internet banking services). In particular, an important-performance analysis identifies service factors that customers consider to be salient and well-performed through current service delivery technologies offered by banking industries in each respective nation. Also discussed are selected service factors that customers indicate may require relatively less attention or more strategic investments by bank organizations.

INTRODUCTION

Providing quality customer service can be a key strategic component toward enhancing corporate image, market share and profitability. In an effort to provide additional service delivery options to their current and prospective customers, many banking institutions have made extensive capital investments in service delivery technologies (SDT's) such as automated teller machines (ATM's), automated menu-driven telephone answering services and Internet banking. As a result, banking SDT's have become ubiquitous in many countries.

Since an effective competitive positioning may now involve the implementation of various SDT's within each bank's service delivery mix, banking strategists increasingly are faced with difficult choices regarding the allocation of scarce organizational resources toward emerging service delivery technologies. Endeavors to understand what customers perceive to be the most valued service delivery features would further guide a strategic allocation of funding amongst various SDT's. Similarly, efforts to ascertain customer satisfactions regarding the performance of selected SDT's could help inform the allocation of resources toward maintaining or upgrading important service delivery processes.

METHODOLOGY AND PRESENTATION OF FINDINGS

This article presents an importance-performance analysis (Martilla and James 1977) of customer perceptions regarding current bank service delivery technologies within two countries: the United Kingdom (UK) and the United States (US). UK and US bank customers are compared regarding their satisfaction with the performance of banking SDT's within their respective countries. In addition, customers in each country indicate which service delivery factors are considered most important determinants of service quality. An importance-performance grid (Martilla and James 1977; Hermmasi, Strong and Taylor 1994) is offered to provide banking strategists in each country with a straightforward, graphic illustration of which service delivery factors may be considered to be necessary, unnecessary, good-enough, in need of more attention, or perhaps receiving too much organizational attention and resources.

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**SERVICE INNOVATIVENESS AND PATRONAGE INTENTION:
THE SIMULTANEOUS IMPACTS OF SERVICE CHARACTERISTICS AND CONSUMER INNOVATIVENESS**

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ABSTRACT

Zolfagharian (2004) introduced Consumer Perception of Service Innovativeness (CPSI) and related it to Consumer Evaluation of Service Quality (CESQ). This study (1) focuses on behavioral intention rather than perceived service quality as the dependent variable and (2) investigates the simultaneous moderating impacts of service characteristics and consumer innovativeness on the CPSI-CFPI relation.

Using Lovelock's (1996) definition that a service is all actions and reactions that consumers perceive to have purchased, we define service innovativeness as the extent to which the market-mix components of a service offering meaningfully differ from those of existing alternatives. Deciding whether and to what extent a service is meaningfully novel is up to the consumer. CPSI includes the dimensions: administration, interior facilities, exterior facilities, employees, service core, and technology. In line with Speed and Thompson (2000), we view CFPI as the intention to use a service in future. Service characteristic is operationalized by observing (a) whether the service is performed on people or on possessions and (b) to what extent and how directly consumers are involved with service-provider's facilities at the time of consumption (Lovelock, 1983). We selected two services (fitness center and auto repair shop) that considerably diverge on these two bases and adopted a global (as apposed to domain-specific) perspective towards consumer innovativeness in order to study the impact of the more abstract innovative qualities of consumers on their future patronage intentions. Consumer innovativeness, as such, is the degree to which an individual is receptive of new ideas and makes innovative decisions independent of the communicated experiences of others (Midgley & Dowling, 1978, 1993).

Overall, the results confirm that service characteristics and consumer innovativeness have considerable impact on the relations of CPSI dimensions with CFPI. Two general observations are suggested by the findings. First, consumers do perceive the innovative attributes of service offerings since the mean scores on CPSI dimensions range from 2.64 to 3.28 across services. Second, consumers conceive a positive link between increased innovativeness of a service and their future patronage intentions at all CPSI dimensions. In other words, no CPSI dimension showed negative relation with CFPI.

Consumer innovativeness proved as a strong factor, moderating the CPSI-CFPI relation. Under auto repair shop, the extent of consumer innovativeness basically determines whether or not the entire CPSI construct is related to CFPI. Under fitness center, only one out of the 4 significant CPSI dimensions remains so when one moves from innovative to non-innovative consumers. In sum, the CPSI-CFPI relation is substantially impacted by the extent to which consumers are innovative.

Service characteristics are also an important moderator of the CPSI-CFPI relation. The CPSI dimensions that are important to innovative consumers of fitness centers are unimportant to innovative consumers of auto repair shop. The reverse of this argument also holds: the CPSI dimensions that are important to innovative consumers of auto repair shops are unimportant to innovative consumers of fitness centers. Therefore, service characteristics can potentially determine on which dimensions of CPSI a given service firm should concentrate when it is considering innovation programs.

Interestingly, no two functions derived from the 4 regression tests were identical. As an explanation of this phenomenon, the characteristics of specific services and consumer's degree of innovativeness blend together and result in the non-salience or salience of a distinct set of CPSI dimensions in relation to consumer's future patronage decisions. The results are probably in line with the literature's distinguishing services from goods and considering services to be more context-sensitive.

Our findings, unless replicated for various services and different samples, will remain less generalizable across ecologies and populations. We investigated CPSI as the only antecedent whose effect on CFPI was moderated by only two variables. A more comprehensive study that brings in other key constructs and variables (Hennig-Thurau et al., 2001) and investigates the interrelationships between various factors is in demand. The third opportunity for future research arises from the benefits that marketing literature can realize through comparisons between the results of cross-sectional studies and those of longitudinal studies.

References available upon request

USING THE VOICE-OF-THE-CUSTOMER TO DETERMINE THE CONNECTION BETWEEN SERVICE AND RELATIONSHIP ATTRIBUTES, SATISFACTION, AND RETENTION

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ABSTRACT

The competitive landscape has increased the value of knowing what attributes are most important to completely satisfy customers and earn their commitment. Although satisfaction and customer retention have been widely researched in the past, little is known about how individual attributes lead to satisfaction and the role each of these attributes play in establishing loyal relationships. Relational attributes are also instrumental as many companies seek loyal behaviors, including repeat purchases, openness to cross-selling, and referrals to increase market share and profitability. However, the specific roles service and relational attributes play in determining satisfaction and relational behaviors are not clear. This study captures the voice-of-the-customer and develops testable hypotheses regarding the importance of customer-revealed attributes in evaluating satisfaction with products and services. The results of subsequent tests of these hypotheses will have important implications for practitioners in both manufacturing and service industries as they decide when and how to differentiate products with services and relationship marketing.

References available upon request

SMALL BUSINESS STRATEGIC NETWORKING: IMPACTS AND OUTCOMES

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ABSTRACT

This research focuses on small businesses (having fewer than 20 employees and generating less than \$5M in annual sales) operating in communities with populations of less than 10,000 people. Networks or strategic alliances are anticipated to provide essential links to sources of capital, new employees, partners, and innovation in small or rural businesses across America. The goal of this research is to study the effects of networking on small business owners' strategic planning, and to determine the effect or outcomes generated by networking on member businesses and on network continuance. Business types included both product and service-based firms predominately 'homegrown' in rural or small communities across the four midwest states of Nebraska, Iowa, Minnesota, and Ohio.

Social capital theory posits that social connections or networks, norms of accepted behavior, and established trust enable participants to efficiently act together in pursuit of shared objectives. Strategic networking theory focuses on the development of cooperative behavior among independent business as a tactical stance in competitive markets. In this model resources and shared vision are proposed antecedent variables to networking impacts and outcomes. *Resources* are defined as entities that are tangible or intangible and used by the business to compete in the marketplace. *Shared vision* is defined as individuals having similar values and motivations. Exchange or sharing of resources among network members who hold a common vision are hypothesized as benefiting the firm's strategic planning; thus, strengthening the firm's effectiveness within its environment. Additionally, relationships furthered by resource exchange and shared vision are hypothesized to generate advantages to network members. *Strategic planning* is defined as a firm's deliberate process of attaining and adapting to fit resources and tactics to market opportunities. We propose that the impact of these perceived strategic planning benefits will in turn contribute to the perception that networking holds advantages for members. *Business advantages* are specifically defined in this study as the resulting end-products of cooperation and collaboration incurred by the individual member firms such as elevated optimism, profits, or market status. These are hypothesized to be key antecedents to network continuance. *Network continuance* is defined as the likely preservation of the network organization through continued membership.

Business networks were operationally defined as long term, formal organizations one of whose goals is the success of member businesses. A sampling frame was stratified by state, type (industry vs. community-based), association age, and for community networks, by population size of town. The selection of the network sample was a combination of systematic random sampling and purposive sampling. This analysis focuses on a subsample of 377 members of 29 networks who were small business owners. Items were developed from prior research as no scales were discovered that effectively tapped the domain of the five constructs. The scales were pilot tested, revised, and generated coefficient alphas ranging from .63 to .91.

Confirmatory factor analysis was used to estimate the measurement model using maximum likelihood procedure in Bentler's EQS structural equation program. Overall the fit indexes indicated that the measurement model fit the data fairly well: $\chi^2 = 1189.373$ (454 degrees of freedom), $p < .01$, CFI = .882, GFI = .832, BNNFI = 0.871, RMSEA = 0.066, and standardized RMR = 0.058. Using EQS 6.1 to perform structural equation modeling, findings suggest resource sharing has a significant and positive effect ($\beta_1 = 0.227$, $p < .05$) on benefits of strategic planning. Shared vision also has a significant and positive effect ($\beta_2 = 0.685$, $p < .05$) on benefits of strategic planning. Whereas Shared vision ($\beta_4 = 0.857$, $p < .05$) has a significant direct effect on advantages of networking, resource sharing does not have a significant direct effect on advantages of networking ($\beta_3 = -0.035$, NS). Benefits to strategic planning has a significant and positive effect ($\beta_5 = 0.173$, $p < .05$) on advantages to networking. Networking advantages positively effect ($\beta_6 = 0.897$, $p < .05$) network continuance. The proposed structural model's CFI of .97, GRI of .833, and χ^2 of 1102.36 ($p = .00$) with 456 degrees of freedom, and RMSEA of .06 indicate a fairly good fit.

This research offers evidence that membership in a formal network generates positive impacts on business strategic planning and generates critical advantages necessary for enhancing business and network continuance. The hypothesized structural relationships explain 66 percent of the variance in benefits to strategic planning, 96.6 percent of the variance in advantages of networking, and 77 percent of the variance in likelihood of network continuance. Our findings offer support for social capital

and strategic networking theory as well as practical applications for enhancing small business success in small communities. Several limitations are recognized in this initial investigation warranting future investigations of specific industry networks. References available upon request

THE ROLE OF COMPLEMENTARY ASSETS IN THE INCUMBENTS' RETALIATION DURING TECHNOLOGICAL SUBSTITUTION: THE CASE OF ELECTRONIC CALCULATORS

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ABSTRACT

The paper discusses effects of the two types of complementary assets on the incumbents' market position during technological substitution. Specialized assets for dominant technology (R&D and fixed investments) provide little support to incumbents; however, the generic assets (customer base and customer knowledge) may be used under different technological regimes and provide temporary buffer for incumbents during transition. The model is tested for four incumbents in the office computing machine industry during substitution of electromechanical calculators with electronic ones.

INTRODUCTION

Research in the area of radical innovation indicates that the incumbent firms that use dominant technology fail to sustain their market position during technological substitution. According to the classical view (Schumpeter, 1942) these firms are removed from the market and entrants that appropriate new technology become market leaders. Not surprisingly, radical innovation, which is central to creation of new industries, received a lot of attention of researchers in marketing and management literature (Chandy and Tellis, 1995, Teece, 1986, Christensen, 1997 etc). The common perception that the incumbent firm fail in face of technological upheaval was recently challenged by academics and evidences from the industries. For example, Chandy and Tellis, 2000 demonstrate that these firms may become source of the radical innovations. These and other evidences suggest that under certain market conditions incumbents may withstand technological substitution and effectively compete with innovators. One of the possible explanations for incumbents' survival was proposed by Teece, 1986, Tripsas, 1997 and Helfat, 1997, who identified important role of complementary assets in diffusion and successful commercialization of technological innovations. These authors defined complementary assets as supporting manufacturing, distribution, and technological factors, which are not derived directly from a technology, but without which particular technology cannot be successfully deployed.

In this paper I examine links between complementary assets and incumbents' performance during technological substitution. This paper sought to add to our understanding of the radical innovation diffusion in several ways. First, I argue that generic and complementary assets have different effects on the incumbents' market position. Specifically, it is argued that the availability of generic assets slows down loss of market share and is negatively related to the rate of substitution. Specialized assets for a dominant technology, on contrary, provide little help to incumbents. Second, I extend past research by demonstrating that generic and specialized complementary assets arise from different sources within the firm. I argue that R&D adds mostly to creation of the specialized assets for dominant technology; however, consumer knowledge represents generic asset that may be used with either technologies. This analysis is based on in-depth analysis of one of the mostly cited case of radical innovation – substitution of electromechanical calculators with electronic ones (Majumdar, 1982). Using data for four incumbents I develop a model and test my hypotheses.

DEFINITIONS

Radical Innovation

For the current study I draw on the studies of radical innovations by Chandy and Tellis, 1998 and Henderson and Clark, 1990. These researchers describe innovation using such parameters as changes in products' components, manufacturing improvements, and net benefits to end users. Chandy and Tellis, 1998 categorize all innovations using two dimensions – technological and customer benefits. Technological dimension assesses production improvements or savings from deployment new technology as compared to a dominant technology. Second dimension measures the net benefits to end-users from application of new technology. These authors conclude that radical or discontinuous innovation should have high scores on both technological and customer dimensions. On contrary, incremental innovations should have low scores on both dimensions. They also recognized two intermediate forms of innovation – technological and market breakthroughs, which are associated with only either improvement in technology (e.g. switching from analogue to digital standard), or new benefits derived from the same technology (e.g. lighter and smaller cell phones). Although most studies in marketing literature utilize this definition of breakthrough innovation, it was noted that classification of a particular case depends on the identification of the target user group (e.g. Christensen, 1997).

Henderson and Clark, 1990 developed an alternative categorization of innovations. They distinguish between components of a product and the ways how these components are incorporated into a system (e.g. end product). This taxonomy rests on two types of firm's knowledge: about components or core design concepts, and, second, architectural knowledge about the ways in which the components are linked together in a coherent whole. The authors argue that radical innovation both overturns core concepts and linkages between them, while incremental innovation keeps concepts and linkages almost the same. They also identify two intermediate types of innovation. First, architectural innovation changes the ways in which the components are linked together, while leaving core design concepts untouched. Second, modular innovation changes core concepts but not linkages between them.

Incumbents Market Position

Past research on technological innovations implies that incumbent firms may lose its market during technological substitution (e.g. Majumdar, 1982, Christensen, 1997, etc.). The incumbents derive economic rents from past investments in the dominant technology and enjoy significant market share. These firms possess superior knowledge in the old technology and may better appropriate incremental improvements in it (Chandy and Tellis, 1998). Adoption of the radical innovation may hurt their market position because of threats of cannibalization of the existing business, low technological opportunism, and inertia (Chandy and Tellis, 1998, Srinivasan, Lilien, and Rangaswamy, 2002).

Complementary Assets

Although incumbent may face technological disadvantage at the time of commercialization of radically new technology, the extent to which this disadvantage translates into commercial losses (e.g. market share) depends on other assets and/or capabilities that incumbent possesses. Teece, 1986, used term "complementary assets" to describe incumbents' features such as access to distribution channels, competitive manufacturing, different aspects of pre- and post-purchase service, and complementary technologies. Some of these capabilities may become obsolete when a new technology replaces an old one; however, some of them may be utilized with a radical new technology, e.g. customer knowledge, field sales force etc. Thus, Teece, 1986 distinguished between generic and specialized complementary assets. While former are not tailored to a particular innovation, the latter are useful only in the context of a specific technology.

There were only few studies that studied differences between generic and specialized assets or develop an alternative classification for them (Mitchell, 1989, Tripsas, 1997). The major problem in development of taxonomy is that distinction between assets depends on a particular case and/or technology (Teece, 1986). For example, network of service centers for electromechanical calculators and rotor-based office machines was considered a specialized asset, which quickly depreciated after introduction of electronic calculators (Majumdar, 1982); however, distribution network for cell phones during change in standard may be considered as a generic asset (Funk, 2003). In line with Teece's framework I distinguish between generic and specialized complementary assets. If assets may be used only with an old or dominant technology than I label this asset as specialized. However, if a particular asset complements both technologies than I consider it as a generic asset.

HYPOTHESES DEVELOPMENT

During technological substitution complementary assets may have significant impact on the incumbents' market position. Generic assets may buffer incumbents from negative impact of technological change. On contrary, specialized assets with respect to a dominant technology provide little protection from radical innovation (Tripsas, 1997). Some complementary assets evolve along with usage and improvements of the dominant technology at incumbent firm. Building on the past research (e.g. Christensen, 1997, Chandy and Tellis, 1998) I demonstrate that these investments added differently to the creation of generic or specialized assets.

Specifically, past R&D investments add more to the creation and growth of specialized assets for old dominant technology than to generic assets. There are two broad explanations for this. First, resource-based view (Miller, 2003) suggests that the dominant technology, as a source of economic rents, should represent an inimitable and sustainable resource for an incumbent. Creation of specialized assets increases degree of inimitability and rareness of the dominant technology; hence these assets may raise additional entry barriers for the potential competitors that use the same or different technology. Second, incumbent's success is based on how it appropriates and improves old technology (Stein, 1997); therefore, an established company devotes much larger R&D budget to dominant rather than an alternative technology. When a particular technology matures the companies that adopt it spend more on refinements and incremental innovations based on dominant

design. When radical innovation is introduced the incumbents tend to compete with entrants by spending more on incremental improvements in dominant designs (Christensen, 1997). These improvements are mostly tailored to specialized complementary assets (Helfat, 1997), because incumbents realize their vulnerability under a new technological regime. These arguments suggest that past R&D and investments in dominant technology add more to creation and improvements of the specialized rather than generic assets.

H1: Investments in specialized assets will be negatively associated with incumbent's market position under conditions of substitution of old technology with radical new one.

Past research (Stein, 1997, Tripsas, 1997, Teece, 1986) demonstrated that established firms might not be always on cutting edge of a new product or technology, but, rather they might have a number of other competitive weapons at their disposal that allow them to fend off more innovative newcomers and to forestall the process of creative destruction. The incumbents are likely to have a base of loyal customers and well-developed distribution networks that secure their access to buyers (Chandy and Tellis, 1998). Hence, customer-related knowledge represents generic asset that may be appropriated under old and new technology. Although, past studies (e.g. Rose and Joskow, 1990) did not explicitly model generic assets related to customer knowledge, it was noted that higher the market share and longer the experience an established firm possesses in a particular product category; more pronounced this capability becomes (Stein, 1997).

The effectiveness of deployment of the generic assets in incumbents also depends whether these assets are readily available to newcomers and other incumbents (Helfat, 1997, Miller, 2003). Generic assets may differ with respect to extent to which they may be copied or reproduced. Mansfield, Schwartz and Wagner, 1981 demonstrate that later entrants may imitate and commercialize new technology at the cost that is substantially smaller than the cost of innovator of developing the innovation. Unlike new technologies, some complementary assets are not easily reproduced (e.g. buyer-supplier relationship, organizational routines, goodwill, etc). Hence, established companies that possess unique and hardly imitable generic assets will be at greater advantage during technological change. Above arguments may be summarized as following:

H2: Extent to which generic complementary assets are available to the incumbent firm will be positively related to the incumbent's market position under technological substitution.

MODEL DEVELOPMENT

Modeling incumbent's response with time series data and accounting for several incumbents lead to multiple challenges: nonstationarity, interdependence between firms in the same market, changing parameters over time, missing data and multicollinearity (Greene, 2003). Filtering series by taking first difference may make series covariance or mean stationary; therefore I use the first difference of annual sales of electromechanical calculators as dependent variable that describes changes in incumbent's market position. Nevertheless, in current sample incumbents annual sales have curvilinear form, which suggests that even first difference may not be covariance stationary; therefore, I added time as independent variable in the model. I model effects of specialized assets as dependent on R&D spending and past investments in production facilities. Generic assets, related to customer knowledge are described by lagged domestic market share. I controlled for the effects of substitution of a dominant technology (electromechanical calculators) with a new one (electronic calculators) by using lagged demand for electronic calculators in the USA. Electronic calculators are considered as a perfect substitute for electromechanical ones; therefore, growth in sales of electronic calculators is associated with decline of the market of electromechanical computing machines. Equation (1) summarizes the proposed model:

$$\Delta S_{i,t} = \beta_0 + \beta_1 \cdot RD_{i,t-1} + \beta_2 \cdot P_{i,t-1} + \beta_3 \cdot MS_{i,t-1} + \beta_4 \cdot T + \beta_5 \cdot MSEC_{t-1} \quad (1)$$

where, $\Delta S_{i,t}$ – annual change in unit sales of electromechanical calculators (in thousands) for i-th incumbent at time period t , $RD_{i,t-1}$ – spending on R&D of i-th incumbent in the previous time period (thousands), $P_{i,t-1}$ – fixed investments in plants in the previous time period (millions); $MS_{i,t-1}$ – incumbent's domestic market share (%) in the previous time period, T – time period with $t=0$ at the time of introduction of electronic calculators; $MSEC_{t-1}$ – logarithm of total annual demand in units for electronic calculators in US. Modeling retaliation of several incumbents in the same market presents an estimation problem, because their responses are dependent on both actions of innovators and other incumbents. Moreover, equations for all incumbents share two independent variables: time trend and demand for electronic calculators. If these equations are estimated separately for every firm than valuable information will be lost. Also, the disturbances from these equations should

be correlated between the firms because values for variables are collected for the same set of observations. In order to overcome these problems I decided to use Seemingly Unrelated Regression estimation procedure (Greene, 2003), which implies that all firms share underlying trend. SUR approach provides both consistent and efficient estimators rather than simple OLS estimates, derived separately for every firm.

SAMPLE

For this study I chose a case of evolution of electronic calculators, because it satisfies different definitions of radical innovations (Chandy and Tellis, 1998, Henderson and Clark, 1990) and closely resembles Schumpeterian “creative destruction” process. Electronic calculators used different components (semiconductors vs. mechanical rotor devices) and architectures as compared to dominant in 1950s electromechanical calculators. Moreover, new type of calculating machines delivered superior performance and calculating abilities than rotary based office machines. The sample contains data from four incumbent firms from 1960 to 1975, which was obtained from annual reports and past study done by Majumdar, 1982. This time period was chosen specifically because the first electronic calculator was marketed in 1962. In the beginning these four firms enjoyed more than 75% of the domestic market of calculating machines; however, by the last observation their total market share had significantly reduced.

RESULTS

SUR estimates for the model are presented in Table 1. Overall, it demonstrates a sufficient fit (weighted R-Square=.44 d.f.=36). Also, Durbin-Watson statistics for SUR model suggested that serial correlation was not a significant issue. Past investments in dominant technology are described with lagged R&D spending and fixed investments. Specialized assets are useless and quickly depreciate during diffusion of innovation; therefore, hypothesis 1 would be supported if these coefficients are significant and negative. As it shown in Table 1 SUR estimates are not significantly different from 0; hence hypothesis 1 is not supported. Incumbents’ customer knowledge is proportional to lagged domestic market share. Thus, past market share should be positively related to the change in incumbent’s sales. This coefficient is positive and significant for SUR estimate for three out of four companies (Table 1); therefore hypothesis 2 is partially supported. In order to control for changes in technologies I used log of annual unit sales of electronic calculators. SUR estimates are not significantly different from zero (Table 1). **Procyslin** command in SAS has an option of testing whether a shared variable has a significant impact on all firms. Output suggests that MSEC is not significantly different from zero for four incumbents ($F_{4,32}=1.05$, $p = .39$).

DISCUSSION AND CONCLUSION

The model provided mixed results. H1 proposed that availability of specialized assets (measured by R&D and fixed investments) will be negatively associated with changes in incumbents’ market share; however, it was not supported. One of the potential explanations for such results is related to data source. These incumbents were large multinational corporations with diversified operations; therefore, R&D and fixed investments might not be solely devoted to electromechanical machines. Unfortunately, annual reports did not provide details about allocation of the R&D budget to different types of products and technologies. H2 tested impact of generic assets (consumer knowledge) on firm’s market share and was supported for three out of four companies, suggesting that customer knowledge, as a generic asset, helps incumbents to withstand challenges of technological substitution.

This research has several important implications. First, the success of incumbent’s retaliation is determined by the availability and strength of the generic complementary assets; hence, these firms may create additional barriers for potential entrants and secure their market position during technological substitution. Second, this study implies that generic assets are more important for the incumbent’s survival; however, their creation is a lengthy process and depends on how the technology evolves. As innovation literature suggests (Stein, 1997), second movers may appropriate benefits of the innovation at the much smaller cost than innovators; however, building complementary assets may secure first movers advantage. Current research may be extended in the several important ways. Researchers may develop more refined taxonomies for complementary assets because current, one-dimensional, classification cannot capture the complexity of the studied phenomenon. Also, future studies may explore how technology adoption is shaped by requirements for the development of complementary assets and the type of innovation (incremental vs. radical).

TABLE 1
SUR Parameter Estimates

<i>Company</i>	<i>Intercept</i>	<i>R&D</i>	<i>Plant</i>	<i>MS</i>	<i>t</i>	<i>MSEC</i>	<i>Durbin-Watson</i>
C1	107.989*** (35.128) ¹	-.03 (.02)	-4.241 (6.031)	441.252 (250.231)	-39.106 (24.321)	-26.589 (16.556)	1.430** Number of obs. 15
C2	131.941** (47.915)	-.024 (.022)	-4.305 (5.155)	465.519** (203.251)	-46.130** (21.570)	-41.235* (16.235)	1.475** Number of obs. 15
C3	114.075** (53.617)	.031 (.049)	-13.483* (4.355)	675.284** (256.232)	-58.793** (27.455)	-54.961 (31.001)	1.622** Number of obs. 15
C4	73.634* (39.026)	-.008 (.024)	-5.237 (3.213)	458.237** (220.285)	-29.885 (18.106)	-22.367* (8.354)	1.746** Number of obs. 15

¹ – Standard errors are listed in brackets

* - significant at .1 level

** - significant at .05 level

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INACTIVITY WITHIN RELATIONSHIPS

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ABSTRACT

The relationship life cycle has been central to relationship development literature and has largely assumed that relationship development is an evolutionary linear process. There has generally been limited discussion of the fact that over a relationship's lifespan it may in fact strengthen, weaken, and even become inactive, which is not the same as relationship failure. The paper proposes a dynamic model of relationship development that includes relationship inactivity as a significant phase.

INTRODUCTION

Arguably, much of the literature in relationship marketing is central to the "exchange" concept. But, it has been suggested that relationship marketing has behavioral and attitudinal dimensions (Eggert and Stieff 1999) - i.e., the parties believe a relationship exists. Thus a relationship is more in the desire of the seller to achieve a transaction or series of transactions (Bliemel and Eggert, 1998). However, literature has tended to focus on examining active relationships or the wider relationship process (for example Dwyer et al. 1987), although there has also been some examination of failed, ended, or inactive relationships (Giller and Matear 2001; Havila and Wilkinson 2002; Pressey and Mathews 2003). Interestingly, much of the research on relationship failure seems to take the view that organizations have the ability to make a relationship successful if it is managed effectively. There is however, limited investigation of dormant relationships or relationships that do not generate exchange (for example Havila and Wilkinson 2002, and to a lesser extent Pressey and Mathews 2003), even though many of the relationship works discuss non-transactional phases of relationships (Havila and Wilkinson 2002; Pressey and Mathews 2003; Mariotti and Delbridge 2001; Axelsson and Agndal 2000).

Relationship inactivity can be defined as a state where both parties mutually acknowledge the presence of a relationship, although no exchange or interactions currently take place and are not necessarily failed relationships. Inactive relationships are important to organizations as they represent potential resources that organizations can possibly draw on it times of need (Havila and Wilkinson 2002). The objective of this paper is to suggest a model that can be used to better understand how relationships can develop and change over time, including the role of different types of relationship inactivity. The proposed model also allows for relationships to become supportive amongst partners or regress, as well as allows for relationships to stagnate, become inactive and even become reinvigorated.

CONCEPTUAL FRAMEWORK

In examining the management of an ongoing relationship, firms often seek to strengthen potential partners' involvement using a range of activities such as building trust, commitment, etc. (Das and Teng 2002, Dwyer et al. 1987). "Stronger" relationships are ideally designed to move partners up the ladder of loyalty or involvement (Polonsky, Schuppisser and Beldona, 2002). While the ultimate aim of the firm might not necessarily be to turn all potential partners into advocates of the organization, the firm usually seeks to strengthen positive relationships or reduce negative stakeholder relationships (Polonsky et al. 2002). There a variety of reasons that a firm may choose to stop investing in relationships, including: the cost of developing and maintaining relationships is too high in terms of the firm's resources (Park, Chen and Gallagher 2002); one partner's objectives have been achieved, or a partner's strategic focus has shifted (Leminen 2001; Tikkanen and Tuominen 2002; Pressey and Mathews 2003); alternative relationships offer more values or benefits to a partner (Pressey and Mathews 2003).

Not all attempts to develop supportive relationships will succeed (Havila and Wilkinson 2002) and years of investments designed to develop a relationship may also be unsuccessful (Leminen 2001). Relationships may become dormant after organizations achieve their common goal (O'Toole and Donaldson 2000), although there may still be a perceived level of involvement between the two organizations, even though no exchanges are currently taking place (Havila and Wilkinson 2002). A dormant relationship may, in fact, be extremely important, as it gives the firm the ability to call on a potential "partner", with whom the firm has had a past relationship.

PERSPECTIVES ON DEVELOPING RELATIONSHIPS

One stream of literature suggests that relationships develop in a linear or life cycle type of fashion. Ford (1980) initially proposed the five-phase relationship lifecycle that comprised pre-relationship, exploration, development, stability and institutionalisation. A revised version of Ford et al.'s (1998) model included four phases where institutionalisation and stability were integrated. Dwyer et al. (1987) also proposed a five-phase model of relationship development where the final (i.e. fifth) phase comprised dissolution. Dwyer et al.'s other four earlier phases are similar to those proposed by Ford (1980). Pett and Dibrell (2001) also discuss a linear approach to relationships and their model has four main phases – exploration, recurrent contracts, relational contracts and outcomes. Interestingly their model also includes the fact that a relationship can discontinue, but that this is not the ultimate evolutionary outcome of a given relationship. Such a perspective seems to merge the views of Ford (1980) and Dwyer et al. (1987).

The inclusion of dissolution within models, especially where it is not the final stage of a relationship, potentially paves the way for better understanding of relationship disengagement or relationship termination as a dynamic component of relationships, although it may not explicitly be part of the lifecycle. Giller and Matear (2001), Havila and Wilkinson (2002) and Halinen and Tähtinen (2002) have explored relationship termination. All three sets of authors, as does Pett and Dibrell (2001), point out that inactivity might not mean the relationship has in fact failed, but rather that it has successfully completed its goals and can potentially be reinvigorated, should the need arise.

A second perspective discussed in the literature on relationships is the processual view, which examines inter-organizational relationships as dynamic phenomena built around the interplay of a range of factors (Tikkanen and Tuominen 2002). This perspective discusses that exchanges involve multiple inter-related parties, which are continually changing as environment and organizational factors change (Das and Teng 2002, Wilkinson and Young 2002). The processual view contends that the relationship lifecycle is inadequate in capturing much of the dynamics pertaining to inter-firm relationships (Das and Teng 2002). Within this approach the management of relationships is more complex, as not only are multiple parties involved, but their relative importance in the relationships continually changes (Polonsky, Suchard and Scott 1999).

AN EXPANDED MODEL OF RELATIONSHIPS

In [Figure 1](#) we suggest that there are four broad stages to a relationship - no relationship (exploration), active engagement (actualized), latent engagement (inactivity) and the dissolved relationship (de-actualized) – with each stage including sub-stages. In the figure we have tried to depict this to identify that relationships do not develop linearly. The relationship can move between all four phases or between sub-stages within a stage (i.e. the thirteen arrows). It is unlikely that any two firm-partner relationships, no matter how similar the sets of partners, will evolve in the same way, simply because each partner faces different environmental forces (Das and Teng 2002). While firms may wish to progress a relationship with an important party to a higher level of involvement, this may not occur, as the relationship might get caught up in iterations at one stage (sub-stage) or another. These stages and sub-stages will be discussed in the following sections of the paper.

Exploration

We propose that there within exploration there are two sub-stages – the prevailing perception of a potential relationship and the actual relationship discovery process. In the *potential relationship stage*, parties are either unaware of each other or are individually beginning to identify that there may be some potential benefit in developing a relationship with each other, which is similar to pre-relationship identified by Ford (1980) and Andersen (2001). The parties have never directly or indirectly interacted, although they may be aware of one another. When firms begin to actively seek out partners they move to the discovery phase (i.e. ↓1). A relationship may also not progress beyond the potential relationship stage, and move into de-actualisation (i.e. ↓4). Alternatively, pre-identification may provide information on future potential partners and result in the relationship moving into a state of inactivity (i.e. ↓5) with possibility of revitalized exploration (↑5).

In *relationship discovery*, parties unilaterally observe and analyse each other. Discovery results in a development of beliefs and knowledge about the other party as the parties have no previous experience to base their views. If starting a relationship is regarded as beneficial for one of the parties, communication will then increase (Andersen 2001) with the relationship becoming actualized (→3). Alternately, the information gathered in this phase might result in a firm deciding that the relationship with one potential partner should not progress ((i.e. ↓4) or the firm would retain a potential partner in the discovery stage and keep this information for future use and possible reactivation (i.e. ↓5). A firm has not found suitable partners post discovery, it may re-enter the potential relationship stage where new partners are sought (↑2).

Relationship Actualisation

Lifecycle relationship models and processual views focus extensively on the ongoing operation of the relationship (Ford's 1980, Dwyer et al. 1987, Pett and Dibrell 2001), which we refer to as actualisation. We propose three stages here.

In the *relationship initialization* stage, parties begin to directly and indirectly addressing each other in regards to the specific relationship interaction. Both parties learn how the other communicates, how it reacts on partners' actions and how it tries to exert influence (Polonsky et al 2002). If parties decide that the relationship should be developed further, they move to stabilization of the relationship (i.e. →6). However, the initiation stage may result in parties deciding not to work with one another wherein the relationship becomes de-actualized (i.e. ↓10). Alternately, firms may defer cooperative plans and the relationship would move to a state of inactivity (i.e. ↓9) and if need be, reinvigorate it at a later time (i.e. ↑9).

Relationship stabilization results in parties having a better understanding of the responsibilities so as to maintain an existing relationship quality. However a reduction of exchanges may result in the relationship becoming inefficient, moving into a state of inactivity (i.e. ↓9), which again may become reinstated because of renewed needs or changes in business environment (i.e. ↑9) or possibly assist the organization in developing a relationship with this partner in another context (i.e. ↑5). However, if termination of the relationship occurs with no foreseeable potential for reactivation, the relationship will move directly into a state of de-actualisation (i.e. ↓10). In cases where minimum levels of exchanges take place at regular periods the relationship becomes stable and can develop to the operational phase (i.e. →7).

The *operational relationship* continues with minimal variation to exchange processes, although over time modifications occur because of changes in the organisational changes or in the external circumstances (e.g. the emergence of a new issue). These could result in the relationship moving back to stabilisation (←8) and if changes required are substantial the relationship could even regress to initialisation (i.e. →11). In reconceptualizing inactive relationships organizations would at least have a basis of a common history and knowledge. Substantial changes in exchange processes could even result in the relationship breaking down, with both parties acknowledging that there is no foreseeable potential for reactivation and de-actualisation would occur (i.e. ↓10). Exchanges can also cease if the relationship objectives have been achieved (the next subsection will discuss inactivity in more detail), but could reactivate if the need arises (i.e. ↑10). Given parties' extensive knowledge and experience with one another it is also likely that they may call on this past partner again, especially if the relationship concluded successfully. In some cases, these "new" relationships would move back to discovery (i.e. ↑4), or even possibly move directly to initialisation (i.e. ↑10).

Relationship Inactivity

While any relationship can move into a state of inactivity, there is limited examination about the context inactivity or how organizations behave in this stage. As was mentioned previously there are several references in the relationship literature to inactivity. This includes those that have been successfully completed, but might potentially reactivate in the future (Havila and Wilkinson 2002, O'Toole and Donaldson 2000, Pett and Dibrell 2001). Conversely, Pressey and Matthews (2003) suggest that relationships might "fade away" because of a lack of positive action and communication.

Dwyer, Schurr and Oh (1987) refer to inactivity relationships as dormant. Havila and Wilkinson (2002) suggest that relationship energy, social bonds and interaction experience that have accumulated over the operation of a relationship- are important issues regarding the dissolution of a relationship. This is referred to as relationship sediments by Axelsson and Agndal (2000) who suggest that contacts established many years ago can be reactivated when needed. Mariotti and Delbridge (2001) refer to the links during inactivity as latent ties and Giller and Matear (2001) called these "sleeping relationships."

It is suggested that the strength of relationship energy is a key factor in determining whether inactive relationships have the ability to be reactivated (Axelsson and Agndal 2000, Mariotti and Delbridge 2000, Havila and Wilkinson 2002). For example, high levels of conflict while relationships operate may result in negative energy, thus reducing the likelihood that inactive relationships will be reactivated (Higashide and Birleym 1998). As such there are some positive social bonds, which result in a "residual" relationship (Pressey and Matthews 2003).

Therefore, relationship energy can be positive (progressive) or negative (regressive). Progressive energy results from positive interactions and there has been a past desire by partners to engage in a long-standing relationship. Typically, progressive energy will aim to limit alternative seeking between parties and will foster revocation of active relationships. The type of residual relationship energy that may have accumulated as a result of prior interactions will typically guide the relationship

towards exploration or active engagement. On the other hand regressive energy results from less than satisfactory relationships or when parties perceived relationships as short-term tactical activities, resulting in low social ties.

Within the inactivity stage, we have included the different types of energy as sub-stages, which will impact on the likelihood of relationship reactivation. Relationship energy can be manipulated and transformed, but cannot be destroyed. Take the case of manipulation, wherein a change in guard in the opposite firm who may induce an environment for progressive change. Alternately, relationship energy can move from progressive to regressive due to changes in circumstances and conditions (i.e. →12). For example, negative perceptions of a firm brought about by accusations of opportunistic behaviour with suppliers may result in a progressive energy transforming to regressive energy. Additionally, changes in boundary personnel in one of the firms may significantly alter prevailing progressive energy between two firms to result in de-actualisation (Morgan and Hunt, 1994).

De-actualized Phase

A relationship can become de-actualized from any phase or stage of the process, (arrows 4, 10, 13). Authors such as Dwyer et al. (1987, p19) discuss “dissolution” as relationship failure and something that cause “psychological, emotional and physical stress.” Relationships can also break down and be cancelled by one party or the other without completion of the exchange or problem solution. In this case there will possibly be the negative effects associated with failure (Dwyer et al. 1987). Cessation of interactions might not always be the result of a conscious decision and might simply occur over time (Giller and Matear 2001, Halinen and Tähtinen 2002). We contend that a relationship has reached a de-actualized phase if two conditions are prevailing: (1) both firms do not see each other as able partners so as to assist in the development of organisational purpose, and (2) there is no perceived utility shared between the two firms. In this way there is in fact no positive relational energy.

In some cases, a relationship that has been successfully completed will move into a state of dissolution because neither party sees each other adding value to operational activities in the future, even though positive energy from the relationship can be used to potentially reactivate the relationship in the future (Havila and Wilkinson 2002, O’Toole and Donaldson 2000, Pett and Dibrell 2001). In such a case, it is likely that the relationship will directly move into the exploration phase or the actualized phase (i.e. ↑4 and ↑10) depending on the prevailing circumstances such as the need for information etc. From a de-actualized phase, a relationship will only move into inactivity either because of some change in the business environment or due to shifts in organisational direction. Future research should investigate these dynamic movements from de-actualisation to inactivity across variable scenarios.

CONCLUSIONS

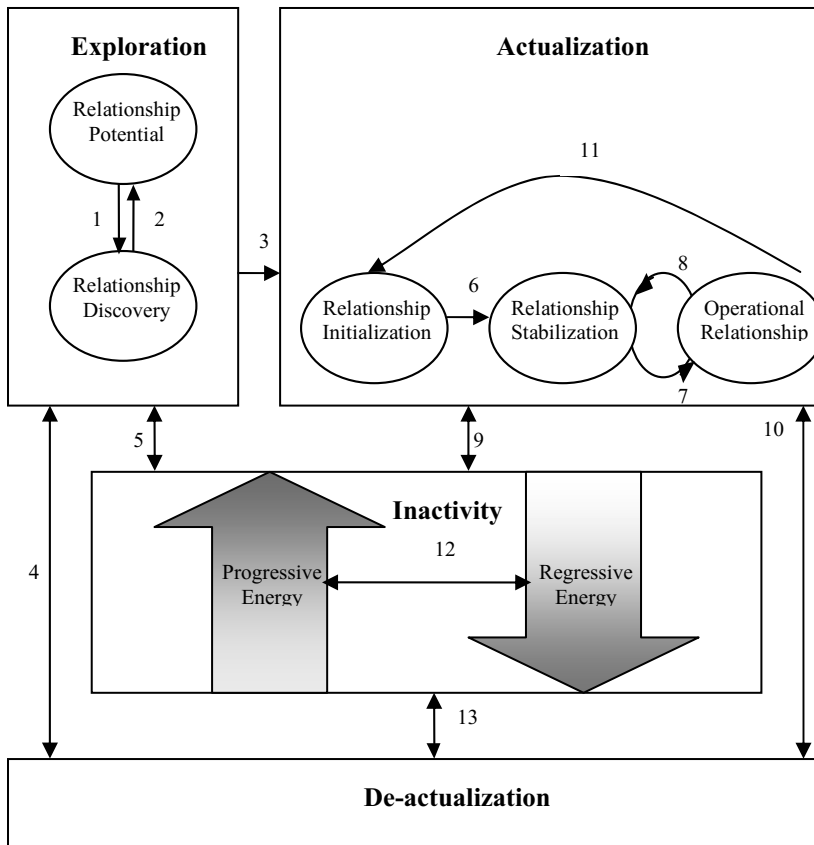
The objective of the paper was to better integrate inactivity into our understanding of relationships, based on a review of the linear/lifecycle and processual views. The model proposes that there are distinctions between relationship inactivity and de-actualisation, knowing the type of inactivity being experienced is important. The remainder of this paper examines an expanded model of relationships that enables relationships to strengthen and weaken, and more importantly, have varying levels of inactivity. This perspective should enable firms and their partners to better understand and manage potential, ongoing, and inactive relationships (See [Figure 1](#)). However, the specific strategies that can be used to manage specific relationships will depend on the state of the firm-partner relationship in question and the vast array of moderating factors, identified previously. It is beyond the scope of this paper to discuss how these various moderating factors will influence relationships progressing or regressing, and this is an important area for future research.

Future research should develop a framework that examines the antecedents and consequences of relationship inactivity. The fact that relationships can move both forward (strengthen) and backward (weaken) means that relationships fluctuate over their duration, requiring marketers to deal with complex and dynamic environments. While variations in relationships have been examined in narrow contexts, there are a growing number of cases where firms seek multiple relationships to draw on rather than relying on one relationship. In these situations firms may potentially wish to maintain weaker relationships than they previously had, i.e. they move from an operating relationship back to an initialisation stage and then progress to a new, but weaker operating relationship.

The fact that there is no exchange currently taking place may not mean that a relationship does not exist between the parties and the proposed model integrated this. The role of inactive relationships is not something that has been extensively explored in the literature (for example Havila and Wilkinson 2002). While some failed relationships have been examined, it might be more interesting to examine dormant relationships, as these represent valuable resources. In this regard, the question of how dormant relationships are maintained, especially given the changing nature of organisational activities would be valuable.

Another interesting question is what causes organizations to draw on these dormant relationships *and* are they as effective as would be relationships with new partners, who are not sought out because of the reliance on previous relationships.

FIGURE 1
NONLINEAR MODEL OF RELATIONSHIP DEVELOPMENT



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STORE ENVIRONMENT AND IMPULSE BUYING BEHAVIOR: A SUPER-MARKET PERSPECTIVE

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INTRODUCTION

Most consumers buy impulsively at one time or another and impulse purchases contribute a significant proportion of the sales in super-markets (Miller 2002; Mogelonsky 1998). Impulse buying is a hedonically motivated affect-laden behaviour and hence, an attractive and pleasant store environment is likely to encourage consumers to buy impulsively by putting them in a good mood and making their shopping experience more enjoyable (Hawkins et al. 2000). However, existing research in impulse buying seems to have overlooked this aspect by and large and has focused primarily on the socio-psychological aspects of impulse buying. In this paper, we address this gap by exploring the influence of physical and social cues on impulse buying and the mediating role of shopping enjoyment in this process.

CONCEPTUAL FRAMEWORK AND HYPOTHESES

Bitner (1992) showed that store environment encompasses four different aspects, namely; ambient (e.g. temperature, music and noise), physical (e.g. layout, color, space), social (e.g. employee quality and customer characteristics) and symbols (e.g. signs, P-O-P displays). In this paper, we suggest that customer perceptions about the design of a store and its employees are positively associated with level of impulse buying in that store whereas the perceived level of crowding has a negative influence on impulse buying. We also hypothesize that shopping enjoyment mediates the influence of these cues on impulse buying behaviour. Specifically, we argue that pleasing and convenient store design and helpful and knowledgeable employees help the customers in enjoying their shopping experience and put them in good mood resulting in more browsing and impulse buying. We also suggest that crowding has exactly the opposite effect, making the shoppers irritated resulting in less browsing and hence, less impulse buying.

METHODOLOGY

We used a mall-intercept approach wherein six undergraduate students approached 578 shoppers out of which 273 completed the questionnaire, at 9 stores including a mix of small and large stores spread across Singapore. The questionnaire included well-established scales to measure store design and employee cues (Baker et al. 2002), crowding (Machleit et al. 2000), shopping enjoyment (Babin et al. 1994), mood (Peterson and Sauber 1983), susceptibility to interpersonal influence (Bearden et al. 1989) and buying impulsiveness (Rook and Fisher 1995). Level of impulsiveness in purchases was estimated as the proportion of the number of unplanned purchases and the total items purchased.

RESULTS AND DISCUSSION

We found the expected factor structures for all the scales with high factor loadings (> 0.60) and high Cronbach Alpha values (> 0.78). To test our hypotheses about the main effects of store environments cues on impulse buying and the mediating role of shopping enjoyment, we used a three-stage multiple regression analysis (Baron and Kenny 1986). We found that store design and crowding had a significant influence on shopping enjoyment. We also found that shopping enjoyment fully mediated the influence of the store design on impulse buying whereas crowding had a negative influence on shopping enjoyment but a positive influence on impulse buying. However, crowding factor seems to have a direct negative influence on shopping enjoyment and a direct positive influence on impulse buying. Finally, employee cues do not seem to influence either shopping enjoyment or impulse buying.

Our results show that as expected some elements of store environment cues (e.g. store design) do have a significant influence on shopping enjoyment which in turn influences level of impulse buying. However, we found that not all elements of store environment may influence impulse buying in the same manner. For example, in our study store design influenced impulse buying thru shopping enjoyment whereas crowding seemed to influence impulse buying directly. In fact, we found crowding to have a negative influence on shopping enjoyment but a positive influence on impulse buying in a stark contrast with store design which influenced both shopping enjoyment and impulse buying positively. Our study explores many issues important to academic researchers as well as practitioners and future research may provide more insights by studying other elements of store environment such as music, price, merchandise assortments and product quality under other retail formats such as boutiques, departmental stores and on-line shopping using different methodological approaches e.g. lab or field experiments.

OFFLINE AND ONLINE ATMOSPHERICS: TOWARD A TYPOLOGY OF ONLINE ENVIRONMENTAL CUES

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ABSTRACT

Extant literature illustrates that store environment in terms of layout, sound, ambiance, scent etc. has an important role to play in determining consumer behavior. More recently, e-retailing has led many stores to offer an online presence thereby creating dual shopping experiences. This study presents a typology of online atmospherics created from off-line atmospherics existing in the literature.

INTRODUCTION

Bitner (1992) tells us that an organization's physical environment can create a virtual metaphor for that organization. By creating a unique physical environment retailers are able to differentiate themselves from their competitors and create brand equity in the minds of the consumer. Many retailers commonly use store design layout, and ambiance as part of their brand, using the physical environment to create a specific image in the minds of the consumer (Baker 1986; Bitner 1986; 1992; Kotler 1973). This link between the store environment and the brand itself helps store atmospherics to become a silent language in communication allowing consumers to identify specific retail environments with specific feelings and thoughts generated from said stimuli (Kotler 1973). Thus a consumer's attitude towards a specific store or company can be heavily affected by store atmospherics.

However, in today's competitive marketplace, retailers can no longer remain viable by one channel of distribution. Online shopping is one of the various ways retailers have expanded their market beyond the mall shopper and the number of retailers selling online has grown by an unprecedented rate (Szymanski & Hise 2000). In fact, according to the National Retailers Federation online retail sales for 2002 exceeded \$45 billion. In order to ensure integration across their various channels, retailers are developing multi-channel strategies that will allow them to interact with their customers seamlessly 'when and where their customers choose', allowing customers to think of the store first and the channel second (Gartner Consulting 2002). To create this presence retailers have to ensure that their message is consistent (Swait and Erdem 2002) thereby allowing brand image retailers have created for their in-store retail environments to be transferred to all the other channels they operate within.

Most existing literature on atmospherics focuses on the relationship between the physical environment and consumer purchase behavior (Turley and Milliman 2000), but less research exists on atmospherics of the online retailer. It is inhibited by the lack of a language or typology for classifying elements of the virtual atmosphere. Retailers are creating online storefronts as a new opportunity to create competitive advantage, yet we know very little about how consumers evaluate websites relative to strong in-store shopping environments. Do they come with expectations? Does it matter if the website is different? What can we transfer? This study offers a first step into the investigation: a typology that translates dimensions of a physical store's atmosphere into online environment. The purpose of this paper is to use the language of physical store atmospherics to propose a new a framework of atmospherics for the online retailer.

CONCEPTUAL BACKGROUND

In-Store and Online Atmospherics

Atmospherics is defined by Kotler (1973) as the effort to design buying environments, which will produce specific emotional effects in the buyer that enhance his/her purchase probability. In-store environmental effects on consumer behavior have been examined extensively in the literature. For example, clutter has been positively linked to avoidance, and negatively linked to satisfaction (Bitner 1990), whereas color has been linked to approach (consumer liking) and positive perceptions of products or merchandise (Bellizzi, Crowley and Hasty 1983). There has also been support for the effects of music (Andrus 1986) and signage on consumer behavior within the store environment (e.g. Baker, Grewal and Parasuraman 1994).

Repeat consumers often use atmospheric cues that they associate with a particular store as visual proxies for a store's image. If the retailer is attempting to develop a comparable online presence, with a seamless transition from 'brick' to 'click', then one would expect image to be congruent with this additional customer interface. A lack of cohesiveness or inconsistencies in the marketing mix can result in a diffused and discounted brand image (Keller 1993). Gardner (1999) found, in order to be successful on the web, retailers have to offer consumers an atmosphere they are comfortable and familiar with. Consumers transfer past experiences with particular stimuli to any future interaction they may have with that stimuli. Thus, if retailers have made a concerted effort to use in-store atmospherics in the shaping of consumer brand attitudes and or associations of its consumers, then these efforts could be lost if they are not translated into the virtual environment.

Baker (1986) first introduced the categorization of in-store atmospherics through her Stimulus-Organism-Response (SOR) grouping system. Bitner (1992) extended the S-O-R base, recategorizing Baker's elements into design factors (layout, color clutter), ambient factors (such as scent, sound and lighting) and a third dimension of signs, symbols, and artifacts for Baker's social factor. For the purposes of this study we have opted to operationalize online atmospherics based on Bitner's adaptation of Baker's (1996) SOR paradigm. Table 1. outlines an atmospherics index which mirrors online atmospherics to in-store atmospherics based on extant literature.

Five Senses

For online retailers the first classification (senses) by Bitner (1992) is a critical one. E-tailers would need to capitalize on use of sight and sound. Mathwick, Mathotra and Rigdon (2002) examine surface properties (characteristics that appeal to sight) in the context of online retailing and website design. Based on earlier work by Hammond (1980; 1988) and Hammond et al. (1987), Mathwick, et. al (2002), suggest that surface properties are characterized by the number of redundancy cues present, the information pace (self-paced or time pressured), whether the visual stimuli are presented sequentially or simultaneously on the website, and whether there is a clear organizing principle for the displayed information. We are suggesting that rapid-fire, highly visual dynamic displays can be associated with a more upbeat, quicker environment which can have a similar impact to a store with bold floor displays, avant-garde color schemes and a stronger appeal to a more youthful audience. Whereas slower websites with more text-based menus are similar to environments where the appeal is to soothe rather than tantalize the senses, and here the audience may be older less interested in excitement. These sites should be more indicative of store environments where atmospherics are more subdued and the tone is more relaxed and slower paced.

Vividness is yet another characteristic that contributes to the impact of a website on a consumer's senses. Vividness is defined as the way in which an environment presents information to the senses and is comprised of two subsets-breadth and depth (Steuer 1992). Breadth is the number of different senses that a medium can engage and depth is how closely a medium can replicate parts of the human sensory system. On a website, rich media would involve tools such as video, audio and animation to increase vividness by enhancing the richness of the media used. The richer the site, the more content present that appeals to multiple senses (Coyle and Thorson 2001).

The use of color is an obvious similarity between the physical store and the website. In translating the use of color across channels, where color themes have been established in the store environment, these patterns need to be continued within the website context in order to transfer store associations from offline to online. The use of white space in the design element is also an application that can be transferred to the virtual store. If white space is consciously used as a design technique in-store this can also be done online in the presentation of graphics, text etc. Researchers have examined the effects of the use of carpeting versus flooring and wall color on consumer behavior; this can be translated to the contrast used between text and background patterns and color, an important consideration in an online environment (Poruban 2002). Music is another atmospheric in the senses categorization that will impact web atmospherics. Music is commonly used in retail settings to set the mood and create pleasurable atmosphere (Milliman 1982). However, is done poorly on many retail websites.. Once again if a physical store uses music as a stimulus within the store environment, this can be directly transferred for consistency and congruence across channels.

Design Layout and Use of Space

The second categorization involves design layout and use of space. When limited space is available to convey complex messages, use of design layout becomes key in the online context (Gardner 1999). Website layout must mirror a pattern customers are accustomed to and should allow smooth eye flow comparable to traffic flow within a store. Hoffman and Novak (1996) suggests that flow is a fundamental aspect of website layout. Flow involves characteristics such as vividness

(richness of a mediated environment based on its formal feature) and telepresence (the mediated perception of an environment, Steuer 1992, pp. 81). These researchers hypothesize that when flow is optimal, the online experience is intrinsically enjoyable for the consumer, and she/he becomes so involved in the experience that she/he blanks out the remaining surroundings. Their findings suggest that duration spent on site, navigation patterns, and repeat visits are all influenced by flow. This study proposes that stimulating flow in an online store is comparable to controlling department locations, traffic flow, aisle space, merchandise placement, checkout design and store layout. In essence, loading time can be compared to store design; as studies have shown that cluttering turns off consumers and can impact customer satisfaction shopping enjoyment (Harrell, Hutt and Anderson 1980). Thus flow, loading time and telepresence are all comparable online atmospherics for in-store atmospherics associated with store arrangement and functionality.

Symbols and Artifacts

The third dimension as outlined by Bitner (1992) is the use of symbols and artifacts. Symbols and artifacts are explicit or implicit signals that communicate information to users (Wineman 1982). Signage can be used to communicate rules of behavior, but it has also been shown to communicate a firm's image (Bitner 1992). Artifacts are environmental objects that communicate less directly than signs, through the use of implicit cues about the meaning of a place. Artwork, floor coverings, knick-knacks and other objects all create an overall ambiance or aesthetic impression. Eye catching signage is just as important online as it is in the store (Mathwick, Malhotra and Rigdon 2002). Consumers need to be able to access key cues as to possible discounts, locations and weekly specials, just as they would in the brick and mortar environment. In fact signage may be even more important online as very often consumers go online to hear more about a product or service they may have seen advertised (Gardner 1999). Easy to read signage is key in maintaining positive brand associations as it helps keep consumers from becoming tired and frustrated trying to navigate around a confusing website (Coyle and Thorson 2001). Zeithaml, Parasuraman and Malhotra (2002) cite navigation ease and proper signage as the more important factors consumers look for in a website. They find consumers like websites where ease of navigation, security and aesthetics are high.

Szymanski and Hise (2000) argue that easier online shopping increases the positive perceptions of convenience and satisfaction for consumers. Thus additional website features such as search options, Frequently Answered Questions (FAQs) and contact information along with clear security and privacy policies help the reader to not only to navigate, but also convey information that would be readily available in an in-store environment. Non-product displays and pictures also communicate in-store messages as they help to set the mood and convey the same associations as they would in a brick and mortar setting.

In an evaluation of consumer attitudes towards websites and the drivers of revisiting behaviors Supphellen and Nysveen (2001) argue that consumers with strong brand loyalty or strong attitudes toward a product also had strong attitudes towards the website. We suggest that if atmospherics are a key driver of attitude toward the brand, then the transference of these various stimuli to an online environment is critical in yielding positive attitudes towards the website. If used, online atmospherics can affect attitudes towards the website and thus offer opportunities to create a differential advantage resulting in brand equity. The correspondence of actual store atmosphere to virtual store atmosphere is a first step in applying the knowledge gained over decades of retail experience to online retailing.

MANAGERIAL IMPLICATIONS

According to Elaine Rubin, Chairman, Shop.org. "It took the catalog industry 100 years to represent 4.7 percent of retail sales, and online retailers only six years to accomplish the same feat." Nearly one-third of US adults shop online, spending approximately \$145 billion in 2004. By 2010 online sales are estimated to reach \$331 billion (Forrester Research 2004). Customers now expect to be able to shop across channels forcing retailers to integrate all aspects of their shopping experience. Yet, the literature lacked a framework allowing retailers evaluate shopping environments across channels

The typology suggested in this study can act as a tool for marketers to examine the how their site mirrors in-store efforts. It creates a framework that allows researchers and practitioners alike to maintain consistency across retailing environments and channels by ensuring any atmospheric elements updated in-store can be similarly addressed online. In essence, retailers can harvest all of the benefits of expensive in-store renovations and upgrades. By maintaining consistent use of atmospherics across channels, retailers can create a familiar, seamless environment where favorable perceptions achieved offline can be easily achieved online. Retailers are spending millions yearly on in-store design, and according to ChainStore Age (1996) retail executives recognize that one needs to spend "good money on good design in order to make money"(p.1). The comparative use of online atmospherics is an opportunity to capitalize on the marketing effort already present in stores.

CONCLUSION

While retail atmospherics have been widely tested, related work in online retailing is sparse. This study was a first step in creating an index that can be used by researchers to compare offline and online atmospherics. The next stage would require an in-depth examination into the extent to which the various stimuli can be translated across channels in the form of a rating index. Future research should examine the impact of online atmospherics on consumer behaviors, emotions and purchase. Researchers need to examine the impact incongruent shopping environments have on a retailer's image, and brand equity. Hoffman and Novak (1996) tell us that for most consumers, when shopping online the relationship between the retailer and the consumer is transferred towards the relationship between the environment (computer) and the consumer. As more and more retailers use multiple channels to reach customers the use of online atmospherics needs to be more closely evaluated in to ensure marketers are maintaining image, and by extension maintaining brand equity across channels. We must ask ourselves, what is the overall impact for the consumer when there is a lack of congruence between retailing environments? Can brand equity that has been created in-store be compromised when consumers encounter a less than adequate website? Do consumers place equal importance on atmospherics across retailing environments? This study offers a framework for such an evaluation.

APPENDIX

Table 1. Atmospherics Index

	Offline Retail	Online Retail
Ambient Factors	Wall Color, Carpeting/Flooring	Background Color, Use of Color, Text vs. background contrast
	Use of White Space, Lighting	Use of White Space, Use of Animation, Use of Graphics, Vividness Level and Sequential Display of Images
	Background Music	Background Music and Streamed Audio
Design Factors	Aisle Space, Store Layout, Traffic Flow, Clutter Product Groupings, Merchandise Placement, Department Locations and Shelving or Shelf Space.	Flow, Ease of Navigation and Interactivity Time Spent Browsing and Telepresence
	Checkout Design	Loading Time
Signs, Symbols and Artifacts	In-Store Fonts on Signage	Font Size
	Product Displays, Store Window Displays and In-Store Displays Paintings, Wall Hangings, Furniture, In-store Decorations and Video/Televisions	Search Options and FAQs. Contact Information, Privacy Policy, Security Policy, Video Clips/Streamed Video and Non-Product Pictures

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A BEHAVIORAL MODEL FOR BOTH REAL STORES AND VIRTUAL STORES ON THE INTERNET

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ABSTRACT

The authors develop a behavioral model for both virtual stores on the Internet and real stores. Through an empirical analysis, the effects of real and virtual store design are directly compared. A three-dimensional virtual store was specifically designed for this test and is based on the concept of one of the real stores. The behavioral model for both real and virtual stores was confirmed for actual stores in the U.S., Germany and France and for the virtual store by causal analysis. From this data, it can be shown that real and virtual stores have similar effects on consumers.

INTRODUCTION

In spite of the growing importance of e-commerce for retailing, little research has been done on behaviorally founded analyses of online stores. Presently, technical aspects of website design are predominant. Consumers', and thus the users' needs regarding shopping on the Internet, are being neglected. For these reasons, this project deals with a theoretically and empirically founded analysis of online shopping from a behavioral perspective. One of the goals of the research is to develop a behavioral model for virtual stores.

Researchers have gained substantial insight into the effects of real store design (e.g. Donovan and Rossiter 1982; Anderson 1986; Donovan et al. 1994). For the development of the behavioral model, the findings of real store design are therefore being empirically tested with regard to their transferability to virtual Internet stores. Another research goal is to analyze as to whether or not real and virtual worlds exert similar effects on consumers, the knowledge of which would have considerable impact on the research of consumer behavior in virtual stores. Results of the well founded research findings of real store design could also be transferred to the conception of virtual stores.

For marketing research purposes, Burke compares choice behavior in actual and virtual supermarkets, in order to see whether virtual stores are also suitable to predict market shares and promotion sensitivity across brands (e.g. Burke 1996; Burke et al. 1992). In our study, the focus is placed on the effects of the store atmosphere on the consumer. The authors define virtual stores as "shopping facilities *displayed through the use of electronic media* which do not physically exist, meaning that they do not consist of a literal structure into which one could walk". Following this definition, a virtual store can exist on the Internet, on CD-ROMs, on TV, on mobile phones and on practically any other multimedia terminal. The focus in this study is placed on the design of real-time operating online stores.

THEORETICAL BACKGROUND: CONCEPTION OF THE BEHAVIORAL MODEL

The behavioral model is based upon the psychological environmental model by Mehrabian and Russell (1974) which will be fundamentally enhanced and modified in this study.

According to the environmental model by Mehrabian and Russell the environmental stimuli cause primary emotional responses such as *arousal (activation)* and *pleasure* within the consumer, which induce behavioral reactions such as *avoidance* or *approach*. Due to personality differences, each individual reacts differently towards an environment.

At first, it must be ascertained whether or not the results of the reliable research findings on real store design can be transferred to virtual stores. A transferability of these psychological environmental findings to a virtual store can be assumed for various reasons. The consumer constructs his/her own reality on the basis of real experiences and experiences conveyed by the media. Frequently, he/she is not able to distinguish between the real world and a virtual media environment (Kroeber-Riel and Weinberg 2003). Furthermore, over a period of time the lines between reality and virtual reality are blurred, because the contents are no longer linked to the source of the message ("Sleeper Effect", cf. McGuire 1985). Virtual three dimensional stores enable the viewer to make three-dimensional movements. Due to increasing possibilities of immersion and interaction, the submergence into virtual worlds is being facilitated and is connected with a growing real three-dimensional experience. Likewise, the practical linguistic usage with expressions such as "data highway", "cyberspace" and "surfing on the Internet" also suggests that people consider virtual worlds as spaces, which therefore indicates a transferability of the psychological environmental findings.

In the following, the enhancements of the classic psychological environment model will be discussed. First, the influence of the *information rate* on the *activation* is analyzed. The *information rate* is defined as “the amount of information contained or perceived in the environment” (Mehrabian 1976, p. 12). An environment, which conveys manifold and diversified stimuli (high information rate), causes *activation* and invites the individual to take an active part in the environment (Mehrabian 1976), on the condition that a certain amount of stimuli is not exceeded. Therefore we assume, that the higher an *information rate* of a store is, the more activating it is (H1).

Whereas in the model of Mehrabian and Russell (1974, p. 8) there is no temporal differentiation between the intervening variables *pleasure/displeasure* and *arousal (activation)/nonarousal*, the authors are of the opinion that *activation* is a process which takes place before the *pleasure/displeasure* evaluation. According to Kroeber-Riel and Weinberg (2003), emotions can be defined as interior processes of activation which are felt as agreeable or disagreeable and are experienced with varying degrees of consciousness. Activation as an interior arousal state is a prerequisite for the emergence of emotions and is therefore a process which takes place before emotions are developed. Emotions consist of central nervous patterns of arousal, which are cognitively interpreted by the individual (Kroeber-Riel 1979; Kroeber-Riel and Weinberg 2003). A stimulating environment, which is positively evaluated by the individual, leads to a general liking of the specific environment, which in this study is referred to as store appeal (H2). Barnes and Ward (1995) proved, in an empirical study of restaurants, that there was a significant relationship between the environmental activation of the patrons and their resulting preference for that restaurant.

The psychological environment model by Mehrabian and Russell (1974), attributable to the emotional approach of environmental psychology, leaves cognitive variables unconsidered. This paper integrates the cognitive variable efficient store design into the model from which an important influence upon the liking of the environment is anticipated (H3). A store with an efficient layout facilitates the building of cognitive maps and influences the consumer’s perceived ease of purchasing, which in turn influences positively his/her preference for the shopping environment (e.g. Grossbart and Rammohan 1981).

Findings of lifestyle research (e.g. Solomon 2002) are also tested with regard to their contribution for virtual store-design. It is anticipated that the match-up, which the consumer perceives between his lifestyle and the store is of high importance for the consumer’s preferences for a certain store (e.g. Stern, Bush, and Hair 1977). Stern, Bush, and Hair (1977) proved that consumers most preferred those stores where they perceived a high similarity between their own self-concept and the portrayed image of the store. According to Solomon, Bamossy, and Askegaard (1999) the self-concept is an ingredient in the fashioning of a unique lifestyle, and therefore strongly influences the lifestyle of the individual. The lifestyle in the form of the match-up between the consumer and the store is integrated into the behavior model for real and virtual stores. Positive implications from the appeal of the store are anticipated from the perceived match-up (H4). This paper concurs with the criticism (cf. Terlutter 2001) of the personality variable as used by Mehrabian and Russell – in the behavior model the personality variable is replaced by the lifestyle of the consumers.

The consumer’s involvement is also integrated into the behavior model. Here, the consumer’s involvement before entering a store is of interest from which a positive effect on the consumer’s activation (H5) and intended environmental approach is expected (H6) (Bruhn 1997; Salam, Rao, and Pegels 2000).

According to the model of Mehrabian and Russell (1974) and empirical studies of Donovan et al. (Donovan and Rossiter 1982, Donovan et al. 1994), we assume that an appealing store induces an approach behavior toward that store (H7).

Figure 1 shows the causal model, which was empirically tested in real stores in the United States, Germany and France as well as in the virtual store.

METHOD AND MAJOR RESULTS

The behavior model was empirically tested in (the place of the study and the respective sample size are given in parentheses):
- real furniture stores of an international company in Germany (Trier, 207), USA (New York, 155) and France (Paris, 203)
- the virtual furniture store (Saarbruecken, 378).

All in all, 943 individuals were interviewed during these four surveys. 36.3 % were male, 63.7% female. For the real stores, the age of the test persons, who were recruited in the respective store, ranged from 18 to 60 years old and for the virtual store from 18 to 43 (thus representing the principal Internet user group in Germany).

The virtual furniture store was specially designed for this test and is based on the concept of one of the tested real furniture stores. The real furniture store fulfilled the requirements of environmental psychology regarding an emotional appealing store

atmosphere (agreeable lighting, activating colors, e.g., yellow-painted walls, decoration, e.g., curtains and plants, music and so on). Customer opinions and evaluations confirmed the store's pleasing appearance. Figure 2 shows the part of the original real store, which was taken as a model for the three-dimensional virtual store.

The emphasis of this study was put on the conception of emotion-based Internet shops. We assume that three-dimensional stores are better suited to convey emotions than two-dimensional virtual stores, as they offer more starting points for the conveyance of emotions than two-dimensional stores. They permit movement and interaction in a virtual space, and offer the user a higher variety of interaction possibilities and are able to represent the products through an experience that is very near to reality. Therefore a three-dimensional representation was chosen for the virtual store. The virtual store was designed using the 3D-CAD-programme PYTHA version 15.0 from the firm PYTHA (Figure 3).

The test persons were able to move through the virtual store in real time which allowed for a highly realistic experience. In addition, the virtual store allowed the test persons extensive interaction possibilities with direct feedback from the system. The customers at the virtual store were able to walk through the store on their own, change the perspectives, move, open and turn around selected objects, receive information about the products in written form as well as audibly, choose background music, change the colors and materials of the products, the walls, the floor and the carpets, alter the decoration etc. Beyond this a virtual sales person was integrated into the virtual store. In summary, this is a highly innovative concept of store design for internet shops.

In the following the results of the empirical studies are summarized.

Test of the Behavioral Model for Real Stores in the U.S., Germany and France

The studies regarding the real international store design attempted to analyze whether or not the standardized store design concept exerted similar effects on the consumers in three selected countries: the U.S., Germany and France.

The behavioral model which was described above was confirmed through causal analysis for each country. All paths were significant, thus all hypotheses were confirmed. The degree to which the causal model fits the empirical data was extensively tested. The model showed high global and local fit measures for each country, as well as discriminant validity (Bagozzi and Phillips 1982; Baumgartner and Homburg 1996).

The concept achieved comparable effects among consumers in all stores. The paper does not focus on the cultural differences, but causal analytical multi-group analyses (Arbuckle and Wothke 1999) have shown that there is hardly any difference (and if so only bilateral) between the three countries. Therefore, it was proved that the behavioral model is internationally valid.

Test of the Applicability of the Behavioral Model to Virtual Stores

The next step was to analyze whether the behavioral model could also be confirmed for the data set of the virtual store. This would imply that the behavioral model is valid both for real and for virtual stores. For this analysis, the causal model was applied to the data set of the virtual store.

For the gathering of the data the same method was used as in the empirical studies for the real store design: Test persons were given a questionnaire with questions on a one-to-five scale to fill out during an interview. By choosing the same method, biases resulting from the manner in which the data was gathered were excluded. Figure 4 shows the causal model for virtual stores with all estimates. Table 1 shows the local fit measures. As can be seen by Figure 4, all of the global fit measures show good values, so that a high fit of the model to the data set in question can be assumed. All paths are significant, thus all hypotheses were confirmed. As can be seen from the statements above, the developed behavioral model is also valid for virtual stores. Thus, a model was developed which was able to explain important behavioral variables in real stores as well as in virtual stores. Results from the research of real store design can therefore be used to improve the virtual store design. Beyond this, as the studies in the U.S., Germany and France have shown, the model is also internationally valid.

Differences between the Causal Models for Real Store Design and Virtual Store Design

Having shown that the causal model is also valid for the data set of the virtual store, it is analyzed whether there are significant differences in the strength of the relationships in the models, e.g., if lifestyle preferences exert a stronger influence on the customer's shopping preferences in virtual stores than in real stores. For this research question, repeated multi-group

causal analyses were conducted (Arbuckle and Wothke 1999). Therefore, the American, German and French data sets have been summarized into one group. The second group consisted of the data set of the virtual store.

The multi-group causal analyses showed hardly any differences between the real stores and the virtual store. There were only significant differences for two paths:

1. In the virtual store the lifestyle of the customer has a stronger influence, more than in real stores, on whether or not the customer likes the store.
2. In virtual environments the store appeal exerts a greater influence on approach intentions as opposed to real stores.

IMPLICATIONS AND DIRECTIONS FOR FURTHER RESEARCH

Two central implications result from the tests of the causal model and the multi-group causal analyses:

1. The behavioral model is valid for real and virtual stores. This implies that real and virtual stores exert similar effects on the consumer regarding the analyzed variables.
2. The strength of the effects between the variables in the model is almost identical in real and virtual stores. The multi-group causal analyses showed only two significant differences, leading to the following conclusions: In order to achieve a positive evaluation of the store, it is more important for virtual stores than for real stores to adequately target the lifestyle of its intended customer base. The importance of a specific targeted lifestyle in virtual stores is further strengthened by the fact that customer satisfaction in the virtual store has a greater influence on the approach intentions than it does in real stores. That means: If the virtual store matches the lifestyle of the target group, this leads to a greater pleasure, and the greater pleasure has a stronger influence on the approach intentions than in real stores.

In summary, the empirical studies show that the authors were able to develop a behavioral model for virtual stores, which is also valid for real stores. They show further that there are very similar relations between the variables in real and virtual stores. Some rules of the real world also apply online and therefore, findings and rules of real store design may be utilized in virtual stores. Thus the study demonstrates that it is not only in real stores important to activate the consumer, to take the lifestyle of the target group into consideration when designing a store and to make it easy for the customer to find his/her way, but also in virtual stores. For example, with regard to the activation of the customers, similar activation techniques can be applied in real and virtual stores (e.g. lighting, colors, movements, emotional stimuli).

In future studies, virtual stores displaying products from other branches should be studied. In this study, the main Internet user group in Germany, aged between 18 and 43 years, was examined. In further studies it should be ascertained whether the results are also valid for children and the elderly. As the causal model proved to be valid for real stores in three countries representing different culture clusters, according to Hofstede (e.g., 2001), and for the virtual store, it can be assumed that the virtual store design concept might also be internationally accepted. But to confirm this assumption, international studies must first be conducted for virtual stores as well.

TABLE 1:
Local fit measures of the causal model based on the data set of the virtual store

Latent variables (factors) with indicators	Factor loads	Reliability of the indicators	Factor reliabilities	Average variance extracted
Information rate ξ_1 x_1 x_2	$\lambda_{x_1} = .88$ $\lambda_{x_2} = .87$	.77 .76	.87	.77
Involvement ξ_2 x_3 x_4	$\lambda_{x_3} = .59$ $\lambda_{x_4} = .79$	.35 .63	.66	.50
Lifestyle ξ_3 x_5	$\lambda_{x_5} = 1$	--	--	--
Efficient store design ξ_4 x_6	$\lambda_{x_6} = 1$	--	--	--
Activation η_1 y_1 y_2	$\lambda_{y_1} = .71$ $\lambda_{y_2} = .83$	.51 .68	.75	.60
Store appeal η_2 y_3 y_4	$\lambda_{y_3} = .87$ $\lambda_{y_4} = .78$	.76 .61	.81	.69
Approach behavior η_3 y_5 y_6 y_7	$\lambda_{y_5} = .77$ $\lambda_{y_6} = .63$ $\lambda_{y_7} = .71$	.59 .40 .50	.75	.50

FIGURE 1:
Behavioral model for real and virtual stores

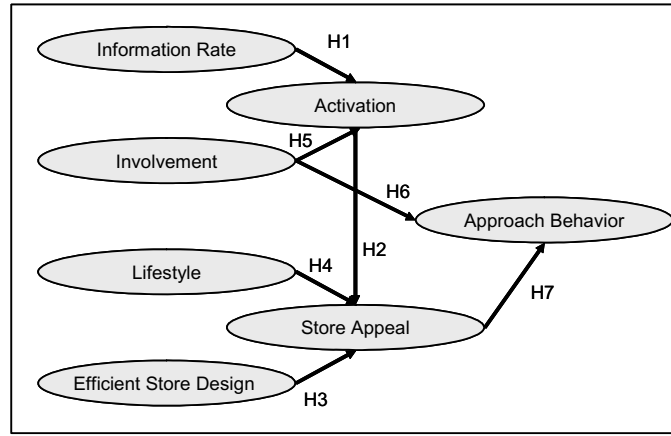


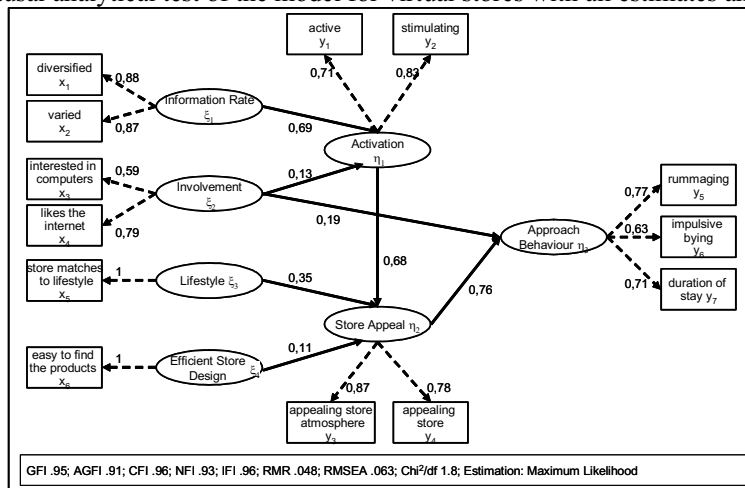
FIGURE 2:
Real store serving as a model for the three-dimensional virtual store



FIGURE 3:
Screenshots of the three-dimensional virtual store



FIGURE 4:
Path diagram for the causal analytical test of the model for virtual stores with all estimates and the global fit measures



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A STRUCTURAL GUIDE TO INTERVIEWING AS QUALITATIVE MARKETING RESEARCH: THE THREE INTERVIEW SERIES MODEL

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ABSTRACT

In-Depth Interviewing, a qualitative research methodology in social sciences is discussed. An underutilized methodology in marketing, the authors contend that under specific conditions, qualitative research may be advantageous, specifically when research involves understanding of consumer motivation. Instruction is presented on planning, structuring, and executing interview based research.

INTRODUCTION

Qualitative research provides an opportunity to gather information independent of preconceived constructs. Participants are encouraged to tell life stories, tapping into their sub-consciousness. In this process of selecting, reflecting, ordering and interpreting, participants give meaning to their experiences, enabling insight into complex marketing and consumer behavior issues.

Although well recognized by social scientists, qualitative research is relatively new in marketing. Historically, marketing researchers have relied on methods from economics and psychology. However, some issues in marketing suggest a different paradigm for exploring reality. Fundamentally, marketers are interested in studying human behavior. Humans, unlike objects or animals, can communicate. They are able to articulate theoretical concepts, which enrich the researcher's understanding. Physical scientists can observe and measure, but they can not interrogate the objects.

Interviewing is a basic mode of inquiry, rich in content (Seidman, 1998). By studying human narratives, we are able to understand social and psychological motivations. The challenge is in how to incorporate story telling into the discipline.

THE PURPOSE OF INTERVIEWING

The purpose of in-depth interviewing is to explore human experience and the meaning attached to the experience (Seidman, 1998). Researchers must understand that they are not the sole source of information. Schutz (1967) describes the subjectivity of understanding human behavior. In order to extract a deeper meaning, the observer needs to understand the behavior in context. A basic assumption of interviewing is that meaning of an experience affects the experience process (Seidman, 1998). Observing consumers provides access to their motivation. Interviewing consumers helps put their behavior in context.

Researchers have a variety of methods at their disposal. One strategy is to observe and discuss experiences of individuals from a population. Social abstractions can be made, which represent the interaction of participants and social interactions. Interestingly, in marketing, specifically in branding, for example, research has seldom incorporated multiple perspectives of key players: consumers, retailers, advertisers, or manufacturers, etc., whose collective experience constitutes the meaning and value of a brand.

In an effort to understand the dynamics of a marketing situation, a researcher may choose to: examine documents, observe behavior, conduct experiments or distribute questionnaires. If, however, the goal is to understand the meaning of an experience, then interviewing provides an effective avenue of inquiry (Seidman, 1998).

Some marketing questions are best addressed in narrative form. For example, trying to understand the driving experience of a car, how it feels, what this feeling means to the driver. This is defined as exploring the subject's perspective (Schutz 1967).

Interviewing covers a wide range of practices, from structured formats, preset, standardized, closed form questions to open-ended, unstructured interviews, and friendly conversations. This paper investigates what Seidman (1998) calls in-depth, phenomenologically based interviewing. . It combines life-history interviewing and focused, in-depth interviewing

The interview approach consists of open-ended questions. The task is to build and explore, asking participants to reconstruct their experiences. This method is suitable to most issues involving the experience of people (Seidman, 1998).

PLANNING AND OTHER CONSIDERATIONS

Consideration must be given to: what needs to be done, what can be done and what should be done (Rossman and Rallis, 1998). This is followed by choosing an appropriate method: ethnographic, case study, or interviews. The choice is based on best fit between participants and subject. It is also necessary to consider entry into the field, exploring gatekeepers to information and participants, getting consent, setting up a time schedule and coordinating meetings with all participants.

Qualitative research starts with questions. Its purpose is to be used, not simply to provide an explanation or organize knowledge. Wolcott (1994) explains that qualitative research has three dimensions: description (what is happening?), analysis (how does it work?), and interpretation (what does it mean?). Rossman and Rallis (1998) describe eight characteristics of qualitative research: 1) grounded in the natural world. 2) Multiple methods, Interactive and humanistic. 3) Focus on context and embrace messiness. 4) Awareness of the researcher's role. 5) Sensitivity to personal biography. 6) Emergent nature. 7) Multifaceted reasoning. 8) Fundamentally interpretive. Uses for qualitative research can be instrumental, enlightenment, symbolic, or emancipatory.

THE THREE-INTERVIEW SERIES

Seidman's model of in-depth interviewing consists of a series of three separate interviews, each 90 minutes in length, with each participant. Limiting the method to a single interview increases potential bias. Three interviews provide an opportunity to plumb an experience and place it in context.

Interview One- In the first interview, the task is to put experience (life history) in context. Interviewees are asked to relate their past experiences. Researchers avoid asking "Why did you become ...?" Instead, they ask, "How did you come to be in your present position?" By answering "how?" participants reconstruct a range of constitutive events (Seidman, 1998) that place their position in the subject, within the context of their lives.

Interview Two - The purpose of the second interview is to focus on specific details of the participants' present experience. Participants are asked to reconstruct details. Opinion are not of interest, rather it's the details of the experience within the context of the subject being investigated.

Interview Three - In the third interview, participants are asked to reflect on the meaning of their experience. Questions address the intellectual and emotional connections between involvement and life story. A question might be phrased, "Given your comments about your life prior to purchasing a Lexus and what you have said about being an owner, how do you understand ownership in your life? What sense does it make to you?" This question may take a future orientation; "Based on your experience, what do you expect to purchase in the future?" Making sense requires that the participants look at how the factors in their lives interacted to bring them to their present situation (Seidman, 1998). It also requires that they look at their present experience in detail. Exploring the past to clarify present events, and describing the concrete details of their present experience, establishes conditions for reflection (Seidman, 1998). The process of making meaning becomes the center of attention.

RESPECT THE STRUCTURE

Three interviews are essential. Open-ended, in-depth inquiry requires a focused structure, creating a foundation of detail that leads to the next session. Control of structure must be maintained, otherwise the power of the logic and benefit of the method is lost. During the interviews, there is a balance between providing enough openness for participant comfort and enough focus for the structure to work.

INTERVIEWS TIMELINE

There is nothing magical about the 90 minute time frame. For younger participants, a shorter period may be more appropriate (Seidman, 1998). Both researcher (organization, do-ability) and participant (comfort, anxiety) benefit when interviews are framed within specific time limits. Even if it is tempting to go beyond the limit, there is a diminishing return of new insights. An individual's interviews should be spaced three to seven days apart (Seidman 1998). This provides the participant enough time to mull over the preceding interview. It allows the researcher enough time to complete the sequence over a 2- to 3-week period. The passage of time reduces the impact of idiosyncratic interviews. The use of a series of three interviews for 90 minutes, each develops a positive relationship between researcher and participant. With contact visits, telephone calls, letters to confirm schedules and appointments, and the three interviews, interviewers have an opportunity to develop a substantial relationship with

the participants (Seidman, 1998). Modifications can be made to the outlined protocol, but extreme deviation may result in failure to realize the original intent.

VALIDITY, RELIABILITY, PRACTICE THE PROCESS

It is important in the interviewing process is to minimizing interaction between researcher and participant. Interaction is inherent in the nature of interviewing, as it is other research methodologies, (Campbell & Stanley, 1963). One major difference between qualitative and quantitative approaches is that researchers address the role of the human instrument. Interaction is not always negative; the researcher is able to respond to situations, redirect or refocus. By recognizing potential interaction, interviewers can attempt to minimize distortion. Seidman's (1998) three-interview structure incorporates features that enhance validity. It places participants' comments in context, reduces opportunities for idiosyncratic days and checks for internal consistency. By interviewing a number of participants, experiences can be compared and connected.

Seidman (1998) recommends that before launching a research project, one should test and explore the issues on a practice project. Use the three-interview structure. Shorten sessions to 30 minutes. In interview one, the participant is asked how he/she came to their current situation. During interview 2 the participant is asked to describe their contextual experience in detail. In the third interview, the participant is asked to describe the meaning of their experience. Issues that researchers frequently encounter: difficulty remaining quiet and actively listening, asking follow up questions, controlling the process and maintaining focus. You may find that you have little patience for or interest in other people's stories or, you may find you enjoy the experience.

INTERVIEWING TECHNIQUE

The ability to interview is not genetic. Researchers can learn techniques and skills of interviewing. Seidman (1998) offers the following advice.

Listen More Talk Less - Listening is the most important skill. Interviewers must listen on at least three levels (Seidman, 1998). They must listen to what the participant is saying, concentrate on the substance, make sure they understand and assess whether what they are hearing is as detailed and complete as necessary. They must be able to internalize what the participants say. Interviewers must listen for the "inner voice". The outer voice reflects an awareness of the audience. It is guarded. Gaining the participants confidence encourages a level of thoughtfulness more characteristic of the inner voice. Interviewers must listen, remaining aware of the process as well as the substance. They must be conscious of time, aware of the flow and mindful of the purpose. They must also be sensitive to nonverbal cues.

Active listening requires concentration and focus beyond typical conversation. The researcher must quash the normal instinct to talk, but be ready to provide a navigational nudge when needed. Active listening is facilitated with tape-recording and field notes (Wolcott, 1990). Working notes help interviewers concentrate on what the participant is saying. Listening skills should be practiced, interviews taped.

Follow Up – Interviewers talk is typically in the form of questions. Questions should follow from what the participant is saying. The researcher is responsible for establishing the focus of the interview, and following up, asking for clarification, and moving the interview forward. It is hard work to understand everything. In everyday conversation we can let some things slide, in interviewing letting things slide undermines the process. Misunderstanding something in a prior interview, may lead to missing the significance of something said later.

It is important to understand experiences in the context of time. A question like, "Can you tell me again when that happened?" is reasonable. Use the word again, to suggest that you were just not attentive enough the first time around.

Explore, don't probe - Some consider follow up questions as probing, Seidman (1998) recommends exploring with the participant. Too much and ill-timed exploration may make the participant defensive and may shift the meaning making from the participant to the interviewer. The interview should not be a vehicle for the interviewer's agenda. However, too little exploration can leave an interviewer unsure of the participant's meaning.

Ask real questions - Ask only real questions, ones which the answers to are not known to the researcher. Asking for a participant's reaction to a statement may be preferred.

Avoid leading questions - A leading question is one that influences the direction the response will take. Sometimes the lead is in the intonation, the wording, or the syntax. Sometimes the lead is in the conclusion implied by the question.

Ask open ended questions - An open-ended question establishes the territory the participant is allowed to wander in. It does not presume an answer. There are at least two types of open-ended questions, which are relevant. Spradley (1979) calls one the "grand tour", the participant is asked to reconstruct a significant segment of an experience. "Take me through a day in your work life." There is also the mini-tour, the participant is asked to reconstruct the details of a more limited time span, "Take me through your last purchase experience at store X".

A second type of question focuses on the subjective experience. "What was purchasing a tie like for you?" Although it is not possible to experience what the participant experienced, as Schutz (1967) notes, the closest we might come is to ask the metaphorical question implied in the word *like*.

Follow up, don't interrupt - Avoid interrupting participants when they are talking. Jot down key concepts and follow up later, do not interrupt their train of thought.

Ask Participants to tell a story - Story telling provides wonderful insights and can be prompted. When a participant is talking about brand relationships, ask for a story about a particular brand. For some, the prompt will remind them of a particular incident, the participant will relate a story that will convey an experience superior to one obtained by a series of questions. Too often the technique is tiresome, use judiciously.

Keep participants focused, ask for concrete details - If the dialogue goes off sequence or off track, guide the participant back. Exercise enough control so structure is followed. Ask for concrete details before exploring attitudes and opinions. Ebbs and flows in interviews are natural. Participants need time to think. Sharing feelings with someone outside of one's normal circle may lead to feelings of vulnerability; the second interview may be more guarded. In the third interview participants find a comfortable zone of sharing.

Share experiences on occasion - Sharing common experiences in a frank and personal manner may encourage participant to continue reconstructing in a more inner voice. Over used, however, sharing can distort and distract participants (Oakley, 1981).

Ask participants to reconstruct, not to remember - Rather than ask participants to remember an experience, ask them to reconstruct it. "What happened?" or "What was your first encounter with that brand like?" Interviewers can assume that participants will be able to reconstruct their experience. In interviewing, it is better to request reconstruction directly.

Avoid reinforcing your participant responses - Avoid repetitive affirmative responses (Oh, Ah, yes, uh-hum) to the participant's statements. This may distort how your participant responds.

Use An Interview Guide Cautiously - Preset questions are necessary to guide research. However, patterns emerge which the researcher may want to include with subsequent participants. There is a fine line between letting a participant speak to an experience with their own insights and limiting participants to the same inquiries. One consumer's fascination may be completely irrelevant to another. Interview guides should be used with caution.

Tolerate Silence - Silence can be uncomfortable. Be patient; give the participant time to reflect. It is important to give your participant space to think and reflect. It may take a few seconds for some, 20 seconds for others. However, avoid too much silence.

CONCLUSION

Truly effective questions flow from concentrated listening and purpose in moving forward, bound by context. Qualitative researchers will benefit from practicing the concepts described in this document. Researchers can practice and improve their interviewing skills; the most important attribute is a genuine interest in people.

LIMITATIONS AND FUTURE RESEARCH

Every research method has its limits and its strengths. Care must be given to issues not elaborated upon in this paper, such as sampling, informed consent, data analysis and data interpretation. Each of these issues carries its own complications.

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SOURCES OF PERSUASION: A FRAMEWORK FOR ONLINE TRUST FORMATION DURING INFORMATION SEARCH

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ABSTRACT

Certain identified cognitive processes explain mechanisms of trust formation during information search. This research provides an integrated conceptual framework for trust formation online during information search by examining belief processing in consumers using data, warrants, and claims. Resulting in the reconciliation of previous findings on the nature of trust formation.

INTRODUCTION

Consumers have limited cognitive resources available when engaged in a computer-mediated environment, such as the Internet. They tend to reduce uncertainty and complexity of exchange transactions by accessing mental shortcuts, such as trust. Trust serves as a mechanism to reduce the complexity of human conduct in situations where individuals have to cope with improbability (Luhmann 1989). This relationship is extended by adding trust as a mechanism to reduce risk and uncertainty during information search in an online environment. Despite the importance of understanding how trust is formed among consumers, little is known about the trustworthiness belief formation process, specifically how trust is formed for online consumers who are engaged in information search.

RESEARCH OBJECTIVES

The objectives of this research are to propose an integrated conceptual framework that will allow researchers 1) to assess which information consumers cognitively process to form trustworthiness beliefs toward an information source online, and 2) to assess the relationship between trustworthiness variables and the behavioral outcomes of belief formation. The intention of this framework is to describe the reasoning process with which consumers form trustworthiness beliefs. The proposed framework is grounded in the trust, persuasion and attribution literatures in marketing, identifying factors and outcomes of the trustworthiness beliefs.

THEORETICAL FRAMEWORK

Models of Belief Formation

Smith, Benson, and Curley (1991) concluded that beliefs are formed by way of a cognitive process, whereby “belief processing” occurs when individuals use information to establish a belief. Their model of “belief processing” proposes that information is processed through reasoning and judgments to arrive at a belief. Reasoning is the process by which information, knowledge, and existing beliefs are cognitively manipulated to generate and evaluate arguments (Wilkin 1996), and is generally characterized by argument construction. Arguments consist of data, warrants, claims, and backing (Toulmin 1958). Of these elements, data, warrants, claims are of particular interest to online information search. Whereas judgment involves weighing mental or scaling activity where a given stimulus is evaluated against some criterion along a particular dimension (Smith et al. 1991).

Consumers reason from data to claims through use of a warrant, assumptions, or possibly prior knowledge (West 1999). The warrant is justification for connecting the data and the claim (Wilkin 1996). For example, to connect the data, *etrust logo*, to the claim that *the website is secure*, the consumer uses the assumption that the *etrust logo* indicates *security*. In essence, consumers’ use warrants to make the “cognitive connection” from the data to the claim. Making the proper assumption is critical to argument formation, and consequently belief formation. The process of forming arguments, characterized as reasoning, dominates the process of belief formation (Wilkin 1996).

Kelley’s Covariate Attribution Theory

In order to overcome the bias of automatically accepting an information source as credible based on its presence on the Internet and use by others, consumers must engage in cognitive attributional processing. This involves the contextual positioning of the information source to correctly identify the determinants trustworthy belief formation. Cognitive

attributional processing is altered by pre-existing beliefs, personality, and situational factors, and is mitigated if other cognitive loads are operating during the cognitive processing. Further, existing impressions about a selected information source can cause consumers to only focus on source characteristics that are consistent with the source's offerings. When individuals actively seek situational constraints that might control their behavior, they are more likely to reattribute the behavior to external causes that have certain defining characteristics. The potential external cause must be salient and must co-vary with the observed behavior. For example a consumer makes a purchase based on information gathered online from a particular website, consequently the purchase was based on credible online information and covaries with the attributes of the site.

Elaboration Likelihood Model

Assuming trust is a belief, and beliefs are changed through persuasion. Persuasion as a secondary mechanism in trust formation is considered. Persuasion research from the consumer behavior literature defines persuasion as the explicit attempt to influence belief, attitudes, or behaviors. Since most consumers have pre-existing attitudes, marketing communicators are seeking to persuade consumers. The Elaboration Likelihood Model illustrates the decision-making path to belief, attitude, and behavior change (Petty, Cacioppo, and Schumann 1983), where the process of persuasion begins as the consumer receives and cognitively processes a message. Depending on the content of the message (information source), the nature of the consumer, and goal of the consumer's situation, the individual processes arguments with higher or lower amounts of involvement. Depending on the level of relevance of the information, belief formation and/or attitude change may occur by way of the central or peripheral route of persuasion.

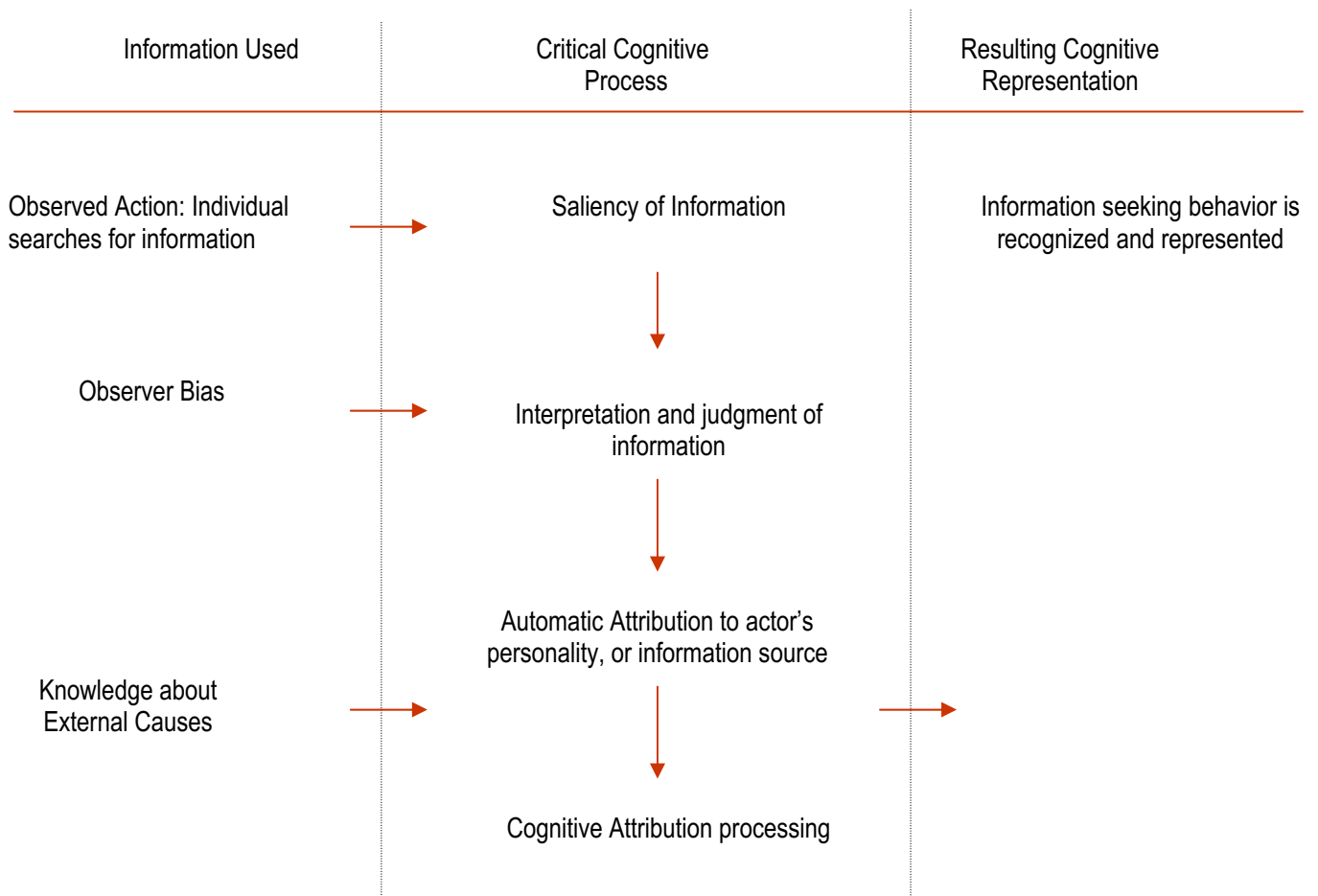
TRUST BELIEF FORMATION INTEGRATED CONCEPTUAL FRAMEWORK

Cognitive processing during the attribution of trustworthiness belief formation involves several steps. The first step in the formation of a trustworthiness belief toward an information source is the utilization of specific information and involves the motivation for search. In this state, the consumer may perceive or recall knowledge about external causes. Next is the critical cognitive processing of salient cues from the information source, where saliency often refers to cues that are prominent from the perspective of the consumer, and are relevant to the task or goal of the information search. Consumers are evaluating source attributes and making judgments regarding the trustworthiness of the source. These judgments can be attributed to the person-stimulus-situation taxonomy (Kelley 1967), since consumers who search online conduct their searches with the intent of retrieving fair, credible, and accurate information. Once consumers have discovered a plausible source, they then judge it based on its trustworthiness. It is important to note that the cognitive processing of trust formation is similar, if not the same, for positive and negative search experiences. The process outlined above is constructive in nature, and trust formation will vary by personality type, and the contextual nature of the information search.

DISCUSSION

The framework presented provides a framework to study evidence and claims used by consumers to conclude particular information sources as credible. The model of trust formation through belief processing can be utilized to understand how consumers form beliefs about online information sources. The literature is replete with evidence that indicates trust is based upon beliefs, making the integration of belief process appropriate to study trust formation. Further the model provides insight into how trustor, trustee, and situational variables influence belief formation. The framework can be utilized to understand how consumers generate necessary data to evaluate relevant and reliable claims, using appropriate arguments to form beliefs during the consumption experience.

Figure 1
Cognitive Processing Model



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COUNTRY-OF-ORIGIN BIAS: A LITERATURE REVIEW AND PRESCRIPTION FOR THE GLOBAL WORLD

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ABSTRACT

The paper updates and extends Bilkey and Nes' (1982) country-of-origin research, organizing and clarifying existing research streams, concluding with a set of research propositions appropriate for the global world. The paper argues that significant strategic opportunities, as well as potential pitfalls, exist in relation to country-of-origin bias, and that these must be successfully managed.

INTRODUCTION

Whether positive or negative, focused or diffuse, held widely or only by a few, developed deliberately or by default, and formed from education, the media, travel, immigration, product purchases, business experiences or any combination of sources, every place has an image. More importantly from the marketing perspective, unlike brand and corporate images, those of nations and other places are not directly under the marketer's control.

Nicolas Papadopoulos and Louise Heslop, *Brand Management*, April, 2002, p. 295

The post-WWII world has experienced an undeniable trend toward globalization, greater connectedness, more international trade, stronger communication technologies, and increased travel. Mirroring these trends is the increased complexity of product offerings available to the consumer. Consumers, and other buyers, are faced with a barrage of foreign, domestic, and hybrid products using various mixtures of foreign and domestic inputs. Governments are expected to develop long-term strategies to allow their country's products to compete successfully in the world marketplace.

Early on, marketing scholars recognized that this phenomenon had significant implications for the practice of marketing (Grether, 1950, Boddewyn, J., 1966, Bartels, 1968, Wells, 1968). Namely, that as foreign products and competitors become more common, and eventually routine, a unique set of marketing challenges and opportunities will appear. The "foreignness" of products, companies, workers, etc, became a marketing issue that demanded attention as it directly affected product perceptions, consumer attitudes, and, ultimately, purchase behavior.

This country-of-origin (COO) phenomenon has matured since Schooler's (1965) original observations. Bilkey and Nes (1982) created an important synthesizing work detailing and compiling the knowledge to date, as well as identifying weaknesses and directions for future research. While the initial, pre-Bilkey/Nes (1982) work is important in order to understand the academic roots of COO research, this paper will focus on post-Bilkey/Nes (1982) literature.

COO is defined as the bias toward a product, positive or negative, that results from a consumer's preconceived ideas about the quality of products originating in a particular country. In the period from 1955-2001, over 766 works had been published on the subject, including 361 journal articles and 7 textbooks (Papadopoulos and Heslop, 2002).

In the approximately 20 years since Bilkey and Nes' (1982) work, the study of COO has progressed significantly, maturing from the original, naively simplistic examinations to a more complex, multi-faceted approach. Yet, there is still a significant amount of research needed. By focusing on the last 20 years of research, the author expects to offer a synthesis of recent research in an attempt to evaluate progress since Bilkey and Nes (1982), identify gaps in the knowledge, and to suggest future research possibilities through a series of research propositions.

ACADEMIC ROOTS OF COO

Schooler (1965) generated interest in COO as an academic area by examining biases within the Central American Common Market of nations. This seminal work asked the research question, "Do consumers impute characteristics, favorable or unfavorable, to the products of other member countries and thereby make selections in the marketplace" based on those biases (p. 394)? In this elementary search for "barriers of product bias and predilection on the basis of national origin (p.394)," Schooler (1965) found that in fact attitudes toward the country (based upon business, people, government, and

labor dimensions) did lead to a preconception of the product from that country. The phenomenon manifested between countries, and not between the two products (juice and fabric) considered.

Subsequent areas of interest over the next 6 years included pedestrian examinations of the potential role of price (Schooler and Wildt, 1965) and regional labeling (Schooler and Sunoo, 1969) in compensating for a COO bias. Typical of this period, Schleiffer and Dunn (1968) found suggestive support ($p < .07$) for the hypothesis that advertising would be more effective if a known reference group had manufactured the product.

Schooler (1971) revisited the debate with an insightful discussion of the nature of the research stream by examining some of the issues raised since his original study. For one, Schooler (1971) objected to the overuse of student samples in previous studies, noting that a broader samples would be more appropriate. In addition to this concern, Schooler (1971) also examined the phenomenon for moderating influences from socio-economic groups, and also expressed concern over the mixed use of tangible and non-tangible products for study. Schooler (1971) found support for the COO bias in general, as expected, and the moderating effect of socio-economic variables such as age, sex, education, and race, and a notable effect of stimulus type (tangible/intangible) on product perceptions were also noted. He found no support for the argument that regional labeling, as opposed to country labeling, would help to ameliorate the COO bias. Interestingly, this last finding is contradicted in later studies.

Smith (1993) found that in fact regional labeling did help to ameliorate some negative COO effects. Smith's (1993) findings are symptomatic of the COO research stream and provide an illustration of the apparent contradictions throughout the literature. When dealing with a multi-faceted phenomenon, it is commonplace to have contradictory results stemming from small, contrived samples that are potentially capturing only a small slice of the phenomenon. Smith (1993) was focusing on LDCs in particular, and, in that situation, the negative impact of country labeling may very likely be mitigated by diffusing the focus on any one particular country. Once again, the complex nature of COO probably eludes simple characterizations such as, "regional labeling is preferred to country labeling." More likely, the influence of labeling will manifest itself differently depending upon the relative strength of the country to the region, the stage of development, the homogeneity of the region, etc.

Two additional, significant pre-Bilkey and Nes (1982) findings are noteworthy. First, Gaedeke (1973) examined the impact of brand on the COO debate and demonstrated that brand name was not sufficient to overcome COO bias, noting that "individually, there may be relatively large variations in consumer attitudes toward well-known branded products when the consumer is made aware of the informational input 'Made In ...' (p. 24)." Secondly, the appearance of longitudinal studies effectively demonstrated the transitory nature of the COO effect under study. Nagashima (1977) chronicled the changing attitudes of Japanese businessmen toward foreign products over an eight-year-period. Although unsophisticated, the study chronicled the temporal changes of country/product perceptions over time. Nagashima (1977) also provided a standard COO questionnaire that was commonly used by later researchers. Darling (1981) noted similar changes with perceptions of Finnish consumers, also noting that they not only had different perceptions of the products, but also different attitudes toward marketing activities related to these products over time. These longitudinal studies were important because they documented the transitory nature of COO bias. On one hand, this was somewhat frustrating to researchers trying to establish a model. Yet, at the same time, the studies encouraged the discussion of strategic options to improve a country's image.

The COO effect was also demonstrated to exist among industrial buyers (Cattlin, Jolibert, and Lohnes (1982). A sample of French and American directors of purchasing evaluated products from five different countries based upon five attributes using Nagashima's (1977) questionnaire. The authors observed different perceptions toward COO found within each sample, French and English directors, as well as different perceptions of product attributes based on COO cues.

BILKEY AND NES (1982)

Bilkey and Nes (1982) provided a critical synthesis of the early research stream and, also, introduced important directions for future research. Their analysis served as a foundation for the modern COO research of the next 20 years. Bilkey and Nes (1982) approached the documented COO effect as an information cue question noting, "products may be conceived as consisting of an array of information cues, both intrinsic (taste, design, and fit) and extrinsic (price, brand, and warranties) (p.89)." They elevated COO to the status of a relevant and influential, extrinsic product cue worthy of further academic investigation.

Bilkey and Nes (1982) noted that the majority of the previous studies had confirmed the existence of the COO effect, whether the study dealt with products in general, types of products categories, and/or specific brands. Within the umbrella of COO bias, the authors noted specific areas of bias interest. Namely, a hierarchy of bias effect dependent on source country, a moderating effect of certain demographic variables (age, sex, education, and race), a negative bias toward products from developing countries, and possible strategic concessions that could be used to mitigate the bias (For example: price concessions) were acknowledged from the extant literature.

Perhaps most importantly, Bilkey and Nes (1982) expressed concerns over the existing methodological techniques and provided a guide for future research. Methodologically speaking, the authors specifically expressed concern over the lack of generalizability and comparability in the research to date, pointing to single cue research, the possible presence of demand effects, the interchangeable use of intangible and tangible product subjects, and the intermingled use of region/country of origin cues as the culprits. Of primary importance, according to the researchers, is the need to hinge future research on a theoretical backdrop and to use more sophisticated, yet uniform, methodology in order to improve the generalizability and comparability of COO research.

Bilkey and Nes (1982) offered the following research questions for the future: How much does COO affect the purchase decision compared to other cues? Can other external cues compensate? Is the risk aversion literature relevant to this study? What is the source and strength of COO bias? Is the bias deep-seated or superficial? What are the most effective ways to combat and compensate for COO bias? The authors argued that answers to these questions, along with more precise methodologies, would allow the COO research to expand and mature beyond simply documenting the vague existence of a phenomenon.

MODERN COO RESEARCH

Stemming from Bilkey and Nes (1982), authors started to examine the salience of COO effect in relation to another extrinsic product cue, brand, in an attempt to capture the interaction and relative strengths between the two (Han and Terpstra, 1988, and Cordell, 1991). This is important because it begins an attempt to characterize the nature of the COO effect in relation to other, more documented extrinsic cues, and lays the groundwork for research into possible compensating mechanisms for a negative COO effect. For example, can weak COO images be ameliorated by the use of strong branding, pricing, or product warranties?

Unfortunately, research in the extrinsic cue area produced equivocal results. One study found that while both source country and brand were important, source country had greater effect in consumer evaluations of products than did brand name on bi-national products (Han and Terpstra, 1988); however, another study found country information to be subordinate to brand name, especially strong brand names (Cordell, 1991). Cordell (1991) noted that brand name contains more chunked and precise information, is given a more visually dominant role than country on packaging and promotion, and is afforded higher credibility by consumers due to the maker's implied warranty.

These seemingly conflicting findings point to a decided lack of sophistication in these studies, sophistication needed to pinpoint the exact nature of the interplay between two extrinsic variables: brand and COO bias. The obvious middle ground, an area warranting additional research, is a study to assess how these variables interact in relation to the strength of the COO bias and the strength of the brand, and how these relative strengths affect perceptions, attitudes, and behaviors.

An additional research stream dealt with attempts to characterize the nature of the COO effect. In response to the call for multi-attribute studies from Bilkey and Nes (1982), Johansson, Douglas, and Nonaka (1985) designed a study whereby experience with product class or brand was incorporated into the research design. The authors found evidence that COO impacts specific product attributes but failed to find any evidence that COO is used as a surrogate variable. "This multi-attribute approach suggests the impact of COO may be considerably more complex than is typically assumed (p.395)." Most importantly, the authors identified evidence of a significant halo effect whereby the overall country ratings affected individual product attribute ratings.

Han (1989) continued the halo discussion by looking for evidence of a halo effect as opposed to COO as a summary construct. Han (1989) defined halo effect as when "country image affects beliefs about tangible product attributes, which in turn affect overall evaluation (p.228)." He contrasted this to COO as a summary construct where "consumers are not familiar with a country's products, consumers will infer product information into country image, which influences brand attitude

(p.228).” Characteristic of COO research, Han (1989) finds that evidence of the use of a halo or summary construct logic is dependent upon product category and country involved, again pointing to the complexity of the concept.

Roth and Romeo (1992) introduced the concept that countries should seek to match country strengths to product categories. They continued by positing that a favorable product/country match would occur when the perceived strengths of the country are important product benefits or features sought by consumers (See [Figure One](#) for a conceptualization of the Roth and Romeo (1992) model).

In this intuitively pleasing conceptualization, Roth and Romeo (1992) evaluated products along four product attributes: design, innovativeness, prestige, and workmanship. They noted that strong product /country matches seem to predict willingness to buy. The interesting observation from this study is the commentary on the strategic implications for countries that find themselves in the less than ideal matching of product/country pairing. The authors note that the countries/companies that find themselves in the off-diagonal positions, where either product OR country is out of sequence (unfavorable match and favorable mismatch, [Figure One](#)), have a strategic opportunity to correct the mismatch and to move toward the favorable match.

Shimp, Saimee, and Madden (1993) moved beyond the characterization of COO as a halo effect or summary construct. They suggest the term country equity in order to provide:

added precision and serve to disentangle the equity contained in a brand (the conventional notion of brand equity) from that contained in the country with which the brand is associated. In other words, new brands can leverage off the equity furnished by preexisting brands marketed by the same company or off the equity endowed by the same country with which the new brand is identified (p.328).

The authors argue, in [Figure Two](#), that brands in the upper left corner, highly leverageable brands, “are new market entries from companies with current winners in their product portfolios that are identified with countries whose commercial output is positively evaluated by consumers in the importing countries (p.328).” Similar to Roth and Romeo’s (1992) logic, Shimp, Saimee, and Madden (1993) point out that future research interest should focus on the off diagonal elements where the goal would be to bring brand and country equities in line with each other. These findings of COO effect on product attributes were echoed in other studies which found that COO may influence the attention paid to other attribute information thus affecting the impact (Hong and Wyer, 1989).

Following the recent focus on matches between product and country image, Kim and Chung, (1997) examined the purchase of Japanese and American subcompact automobiles. Not surprisingly, the authors found that Japanese auto manufacturers enjoyed country-specific intangible assets such as price, advertising, fuel economy, and popularity. Conversely, American auto manufacturers were perceived as performance oriented. The authors echo previous studies arguing for the congruence of product and country images by positing that marketing efforts should mirror country image. This conclusion builds on similar concepts presented by Roth and Romeo (1992) and Shimp, Saimee, and Madden (1993).

Papadopoulos and Heslop (2002) continued to refine the concept of country equity as “value that may be embedded in perceptions by various target markets about the country, and the ways in which these perceptions may be used to advance its interests and those of its constituents.” The authors continue by noting that, like brand, a country’s image is multi-faceted and may carry large amounts of factual and affective information. Finally, they argue that a country’s image warrants attention by the country itself.

Continuing the Bilkey and Nes (1982) logic that LDCs were more prone to COO bias than developed countries, Smith (1993) noted that unfortunately these are the very countries which are likely to try and stimulate their export performance through incentive programs, only to be met by significant negative bias by consumers from developed countries. LDCs suffer from negative product images, or positive images for only specialized raw materials (Jamaican coffee, Saudi oil, and Brazilian opals) unfortunately while developed countries tend to benefit from positive images (German engineering, American software, etc). An important line of future research should provide strategic tools that enable countries to move toward a positive COO instead of continuing to suffer product denigration under the burden of a negative COO image.

Samiee (1994) introduced new COO constructs and provides an important COO model that had been lacking to date ([Figure Three](#)). The author noted the lack of theory and structure in previous work and calls for more uniform and precise constructs and methodology. First, Samiee (1994) acknowledged the complex modern world of hybrid products by creating appropriate

constructs that decompose the COO construct. Namely, he identified three constructs: country of origin (COO), country of manufacture (COM), and country stereotyping effect (CSE). Conceivably, country of design (COD) could have been added as well to capture the intricate nature of products in the global world. Samiee (1993) approached the first two constructs, COO and COM, as factual and not subject to consumers' "attitude, sentiments, or biases (p. 583)." Then, the author used CSE to "denote any influence or bias resulting from COO and/or COM (p. 583)." He continued, "the origin of CSE for consumers may be varied, some based on experience with a product(s) from the country in question, others from personal experience (e.g., study and travel), knowledge regarding the country, political beliefs, ethnocentric tendencies, fear of the unknown, etc (p. 583)." As noted by the author, traditional COO research has dealt with the CSE component.

The Samiee (1993) conceptual model of COO influence is very useful because it includes many of the previous studies into a conceptual, organizing framework. Evident from [Figure Three](#), the model starts with COO/COM awareness and saliency, then is impacted by various individual, product market, and environmental factors, and results in a CSE, which, along with other influences, impacts the purchase decision, and ultimately, brand profitability. As a framework, the model is useful for organizing previous research into a logical flow and, also, providing a framework for future research. One final benefit from the Samiee (1993) research is the question of saliency. Included in the study, without any direct treatment, are the following questions that raise important considerations for future research. Namely, is COO information useful? Is it always available? Sought after? Processed?

Continuing one of Samiee's (1993) lines of logic, Maheswaran (1994) sought to segment consumers in an attempt to evaluate the impact of COO information on different types of consumers. This was an important step because it started to address the question of the strength and salience of COO cues. Maheswaran (1994) started with the hypothesis that all consumers do not use COO information in the same manner. The author segmented his consumer samples into two groups: 1) novices who were unfamiliar with the product category and 2) experts who were familiar with the product category in question. Not surprisingly, experts were more inclined to rely on specific product attribute information when it was available in an unambiguous format, whereas the novice was much more likely to rely on COO information during product evaluations. Experts were found to only use the COO information when the attribute information was ambiguous and they were seeking additional information about the product. As stated, this study is an important first step toward addressing the question of salience and use of COO cues in the purchase decision process. Previously, little energy had been devoted to clarifying exactly how this effect manifested in individual consumers.

Two interesting intervening variables that directly affect COO bias have recently appeared in the literature. Consumer ethnocentrism and even consumer animosity have been identified as contributing forces that factor into the bias associated with COO. Sharma, Shimp, and Shin (1995) define ethnocentrism as "the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products (p. 27)." The authors identified a collective mentality and the presence of patriotic/conservative attitudes as antecedents to ethnocentrism. On the other hand, cultural openness, education, and income tended to discourage ethnocentrism. Sharma, et al, (1995) found a positive correlation between the perceived threat to the individual or national economy and the level of ethnocentrism; a negative correlation was demonstrated between the necessity of the product and the degree of ethnocentrism. This study dealt with the important concept of ethnocentrism, which is a more generic COO bias than previously examined. Obviously, the shunning of all things foreign is an important component that needs to be included in any comprehensive discussion of bias toward foreign products. Ethnocentrism is particularly relevant as the governments of many developed nations have launched buy domestic campaigns in response to balance of payments pressures.

An interesting offshoot of ethnocentrism is the more specific animosity concept. Animosity refers to more than simply preferring domestic products, but to actively refusing products of a certain origin (Klein, Ettenson, and Morris, 1998). Animosity is more country-specific than ethnocentrism, and as the authors pointed out, can guide consumer behavior even in the presence of superior product attributes. Such COO animosity can be born out of culture, history, religion, language, level of development, etc.

A recent study of interest approached the measuring of COO effect from a different perspective by using self-reporting from consumers and salespeople concerning the degree of reliance on COO information (d'Astous and Ahmed, 1999). Consumers and salespeople reported the extent of use of COO information during the purchase of electronic equipment. Consumers confirmed that COO information was important to them during the decision process. Interestingly, salespeople did not feel it was relevant or useful during the sales presentation, suggesting that there may be opportunities for sales training to identify COO-sensitive consumers. This type of study is useful in an attempt to identify the relative importance placed on the COO cue. Additional work is needed to better understand how it interacts with other factors in the purchase decision.

RESEARCH PROPOSALS

Clearly, some initial examinations of relevance, relative strength of biases, and fit in decision process models have been completed; however, the COO research stream lacks a lot of the specificity called for by Bilkey and New (1982). Samiee's (1993) model provides a helpful starting point as an amalgam of recent research directions and as an attempt to incorporate the consumer decision model.

The following research proposals are presented as an update to the Samiee (1993) model in an attempt to guide future research in the direction of a more theoretical approach to COO research.

Too often, the COO effect is discussed as a static phenomenon, a bias that to some degree influences the purchase decision. Segmentation researchers need to address the fact that COO bias varies among individuals, and even within individuals over time. Several mainstay demographic variables would be extremely useful in segmenting customers along the line of sensitivity to COO information. Socio-economic factors should be used to segment consumers into groups varying by degree of sensitivity to COO cues. These factors should be included under market/customer level considerations in Samiee's (1993) model. In general, as an individual ages, he or she becomes more conservative and less receptive to change. As we age, do we become less enthralled with new and different and exotic, and more interested in relying on tried and true and known products? Also, individuals whose livelihood is perceived to be threatened by foreign products are more likely to experience a blanket ethnocentric antipathy toward all non-domestic products.

RP 1A: As age increases, COO cues will have more negative impact on perception.

As one perceives his or her livelihood to be threatened by foreign pressures, the more likely the COO cue will have a more negative impact on perception.

On the other hand, certain socio-economic variables tend to have a liberalizing effect on one's outlook on the world and attitudes toward products of foreign origin. It is theorized that these influences could help to offset any negative COO effects.

RP 1B: As income, education, travel, study of a foreign language, and job security increase, negative COO effects will diminish.

Consumer animosity is a special case and needs to be included as a variation of ethnocentrism among the customer level considerations in Samiee's (1993) model. Animosity is a much more focused and specific variation of ethnocentrism directed at a specific country or region (Klein, Ettenson, and Morris, 1998). No longer are we saying that all things foreign are detrimental to the individual and the economy, but instead that certain foreign products of certain origins are specifically undesirable. The presence of consumer animosity makes COO information disproportionately more relevant to the decision, and leads to a disproportionately negative impact.

RP 2: The more prevalent the level of animosity, the more the consumer will use COO cues as a primary evaluation tool, disregarding product attributes completely, relying solely on COO cues to evaluate the product.

Price is an important marketing tool that delivers significant product information to the consumer (Rajneesh and Monroe, 2003). The relation of price to quality in the consumer's mind affects the overall perception of value and desirability of a particular product. If COO bias results in an influence on consumer's attitudes toward a product, then pricing strategy can be used to counterbalance this effect. Pricing policy needs to be included in Product/Market factors as a mitigating variable.

RP 3: Up to a certain point, a lower price will offset negative COO perceptions, as will a positive COO cue command a premium price. There is a point beyond which price cannot override COO effect.

A threshold exists whereby the consumer gathers enough information about a product to make a purchase decision. The threshold varies depending on the level of involvement and the customer. COO is a component of this information mixture and should be strategically controlled by the company as much as possible (Clarke, Owens, and Ford, 2000). FDI decisions directly impact COO and foreign entry strategists must account for this effect.

RP4: A customer will reach a certain threshold of information about a product that will be sufficient to induce the purchase decision. Strategically managing components of the information mixture, including COO, will influence product performance.

Country image is inextricably linked to the export performance of products, especially those originating from LDCs. Underdeveloped economies seem to be particularly prone to having their products directly associated with the country image. When the country image is underdeveloped or misunderstood, this can have a significant impact on product performance. Since country image is so closely linked to product performance, approaching negative COO biases from a macro point of view and dealing with country image specifically holds promise for LDCs (Papadopoulos and Heslop, 2002).

RP5: LDCs will experience export growth as a result of using blanket, image-enhancing advertising to promote the country due to the halo effect.

In addition to country image management discussed above, use of superior distribution networks as well as concentration on peripheral product attributes holds promise for LDCs interested in improving their COO image. Especially when dealing with products that represent a significant level of performance risk to the user, other-than-core-product attributes can help to allay concerns.

RP6: Using respected distribution outlets will help LDCs reduce the evaluation derogation as performance risk rises. Also, more liberal use of warranties and branding would assist in export growth.

Products from LDCs are often prone to significant negative COO biases. Governments often have tools at their disposal that can be useful in reducing these biases and improving export performance. Government policies can be used as a development tool to aid fledgling industries burdened with the task of overcoming an entrenched COO bias.

RP7: Government policies to counteract/encourage some of the negative/positive reinforcements of country image will increase export performance. These include: quality control of products currently being exported, generic/image advertising, business incentives for businesses that produce products that match the country's image, and some form of government or private industry coordination of the country's export agenda and overall marketing plan.

CONCLUSION AND MANAGERIAL IMPLICATIONS

In addition to the research proposals, several future research opportunities exist. The subject of COO continues to have gaps in the literature. Researchers have still been unable to answer Bilkey and Nes' (1982) questions concerning the strength and source of COO bias and, most importantly, how it interacts with other extrinsic product cues. Researchers have been unsuccessful in elaborating effective strategic methods to combat the effects of COO bias. The research stream has not been included in FDI research even though it presents a significant consequence of any sourcing decision. And, little is understood about how the process works in the consumer's mind. How is the information processed? Which consumer segments are sensitive to COO information? How is it used? And, most importantly, is COO research even relevant in a progressively global world. At least in the near term, the answer to this last question is yes. Globalization is an ideal at this stage that some industries are moving toward; however, for the foreseeable future, the issue of COO bias will remain a factor in consumer evaluation of products.

Several different avenues of inquiry may also prove fruitful in addition to the questions raised above. It would be interesting to examine companies that have managed to achieve a global brand/company name that seems to transcend national boundaries in the minds of most consumers. For example, companies such as Bic and Nestle are not typically identified as being foreign companies. Have these companies consciously and strategically planned this outcome? Is this a preview of the global world where COO information is not relevant to the decision?

Secondly, additional research on the interaction between country of design, country of manufacture, and country stereotype effect is needed. Too little is known about the relevance, the interaction, and the saliency of this information.

Finally, although the Japanese management literature is expansive, one additional area of interest may be to examine how a crippled dynasty rebounded in 30 years to become the icon for high quality, low/reasonably priced products. How did Japan manage the transition in the consumer's mind from producer of inexpensive, low quality goods to high quality? Possibly, some generalizations for developing countries could be gleaned.

Figure One: Country Image Dimensions

		COUNTRY IMAGE	
		Positive	Negative
D P R O D U C T I O N	Important	Favorable Match	Unfavorable Match
	Not Important	Favorable Mismatch	Unfavorable Mismatch

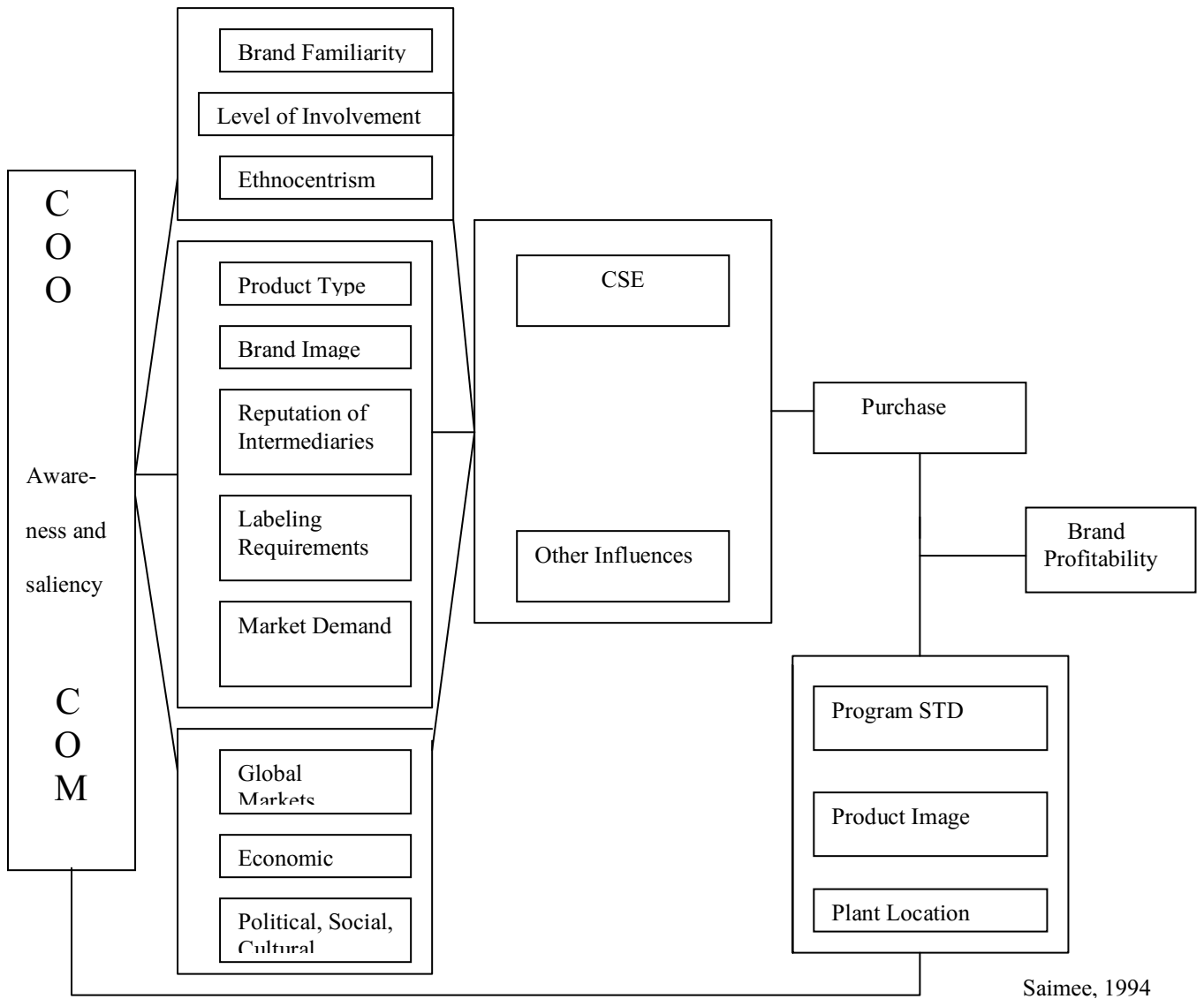
Roth and Romeo, 1992

Figure Two: Country/Brand Equity

		COUNTRY EQUITY		B R A N D E Q U I T Y
		Positive	Negative	
+	HIGHLY LEVERAGEABLE	COUNTRY DEFICIT BRAND		
	COMPANY DEFICIT BRAND	NON- LEVERAGEABLE		
				-

Shimp, Saimee, and Madden, 1993

Figure Three: Conceptual Framework for Assessing County-of-Origin Influence



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INVESTIGATING INDIVIDUAL DIFFERENCES IN CUSTOMER COMPLAINT BEHAVIOR: TOWARDS A COMPREHENSIVE CONCEPTUAL FRAMEWORK

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INTRODUCTION

There is little research exploring the complex psychological processes underlying individual differences in customer reactions to similar dissatisfaction situations i.e., whether to complain or not, whom to complain to and the methods used for complaining. In this research, we address these gaps by first developing a comprehensive conceptual framework incorporating two important situational variables in the CCB context – customer dissatisfaction and involvement along with two relevant consumer traits – impulsivity and self-monitoring. Based on this framework, several hypotheses are developed about the relationships among these variables. Next, we describe a survey-based study used to test these hypotheses, with a large sample of student subjects (N=489), in two different contexts – one involving dissatisfaction with a product and another with a service. Finally, the results are discussed along with some limitations and directions for future research.

CONCEPTUAL FRAMEWORK AND HYPOTHESES

Prior research in the CCB area shows that dissatisfaction and involvement level are positively correlated with complaint behavior (Lau and Ng 2001; Singh 1990; Singh and Wilkes 1996). We argued that customers may tend to complain even under low involvement situations if there perceived dissatisfaction is very high whereas under high involvement situations even a small amount of dissatisfaction may be enough to trigger a complain. In other words, we suggest that involvement level would moderate the relationship between dissatisfaction and complaint behavior. Moreover, we suggest that trait impulsivity would be positively associated with CCB because high impulsives are likely to be more reactive when faced with dissatisfactory experiences and the resulting negative emotional states. On the other hand, we hypothesize trait self-monitoring to have a negative influence on CCB, because high self-monitors are likely to avoid any possibility of a confrontational situation that their complaining may lead to. Finally, we hypothesize that trait impulsivity and self-monitoring would also moderate the relationship between dissatisfaction and complaint behavior but in opposite directions. Specifically, high impulsive customers would be more likely to complain even under low dissatisfaction whereas high self-monitors may be less likely to complain even under high dissatisfaction.

METHODOLOGY

We used a survey-based research methodology to test these hypotheses with a large sample of undergraduate students (N=489). They were first exposed to imaginary dissatisfaction situations and then express their behavioral intentions to indulge in CCB under these situations (adapted from Tax and Brown 1998, Kim et al. 2001). Standard scales were used to measure their perceptions about study realism, involvement, satisfaction and complaint behavior. Two different dissatisfaction situations were developed, one for a product (malfunction in a laptop computer) and the other for a service (over-billing by a mobile phone service provider) as over-billing (35%) and defective product (68%) are found to be among the leading sources of consumer complaints (Estelami 2003).

RESULTS AND DISCUSSION

All the scales showed reasonable reliability (Cronbach's alpha) – study realism (0.781), involvement (0.872), satisfaction (0.851), CCB scale (0.721). We compared the mean scores across the different types of cases using MANOVA and found a significant difference in scores between the products and services, with subjects reporting significantly greater levels of involvement (5.7), dissatisfaction (4.9) as well as realism (3.8) for the product situation compared to the service (5.5, 4.5 and 3.4 respectively). Next, we ran two sets of multiple regression models for both situations - first a multiple regression model to test for all the main effects (H1 to H4) and then a moderated regression model to test for the interaction effects (H5 to H7). We had an excellent fit for both the regression models in case of service situation but not for the product. We did find a significant influence of dissatisfaction (H1) and impulsivity (H3) in the service context, involvement (H2) in product, self-monitoring (H4) in both product and service, moderating effect of involvement (H5) in product and moderating role of self-monitoring (H7) in both service and product contexts. Only the interaction between impulsivity and dissatisfaction (H6) was not supported for either service or product context. Future research may include other relevant traits and situational factors, use other methods such as experiments to manipulate the situational variables and try to use actual customer complaint data from both on-line as well as off-line databases. (Details available upon request from first author at psharma@ntu.edu.sg)

ORGANISATIONAL LEARNING PROFILES: IMPLICATIONS FOR INNOVATION AND PERFORMANCE

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ABSTRACT

The paper examines different learning profiles and the implications of each profile for firm's innovation and performance. This view is consistent with the resource based view in that it suggests which learning dimensions organisations should invest in to optimise the benefits of learning orientation. The results indicate that being low on all dimensions is a recipe for poor innovation and performance. Also, the combination of two dimensions low and only one high still results in poor performance and innovation. Finally, the achievement of high levels on all dimensions is beneficial for innovation and performance, however, this profile is not significantly superior to having two dimensions high and one dimension low.

INTRODUCTION

Literature on organisational learning covers a variety of academic perspectives: psychology and organisational development, management science, strategy, production management, sociology and cultural anthropology and each discipline employs a distinct ontological view (Easterby-Smith, 1997). Marketers have studied organisational learning largely as a facilitator to achieving a competitive advantage (Baker and Sinkula, 1999). Organisational learning is viewed as a sine qua non for survival and growth in turbulent and rapidly changing environments (Huber, 1991) especially those characterised by the emergence of new markets, non-traditional competitors and high uncertainty (Govindarajan and Trimble, 2004). Each organisation has its own learning profile which is shaped by various factors, such as leadership style, management paradigm, resources, culture, structure and infrastructure. In the literature there is a wide range of definitions of organisational learning. For example, Nicolini and Mezner (1995) argue that organisational learning is "a social construction which transforms acquired cognition into accountable abstract knowledge" (p. 727). Hult, Ketchen and Nichols (2003) offer a more integrative framework in which learning is the combination of values and beliefs associated with the development of new knowledge that has the potential to influence behaviour. We adopt the definition of learning orientation offered by Calantone, Cavusgil and Zhao (2002) which states that it is organisation-wide activity of creating and using knowledge to enhance competitive advantage. Dunphy, Turner and Crawford (1997) argue that an adequate definition of organisational learning needs to include "both the notion of process, i.e. the learning activity, and the notion of organisational performance, i.e. the outcome of the learning process" (p. 235). Consistent with this, we investigate the association between various profiles of organisational learning and the implications for innovation, operating efficiency and organisational performance.

DIMENSIONS OF LEARNING ORIENTATION

The first attempt to create a coherent framework of organisational learning was undertaken by Sinkula, Baker and Noordewier (1997). Based on multifaceted approaches to organisational learning they overcame ambiguity and offered three dimensions of learning orientation ie vision sharing, commitment to learning and open mindedness.

Commitment to Learning

As noted by Argyris (1982) "Organisations do not perform the behaviour that produces the learning. It is individuals acting as agents of organisations who produce the behaviour that leads to learning" (p.48). Thus, organisations need to motivate individuals to commit themselves to the learning process. Commitment to learning can be evidenced by encouraging participation in strategic decisions, willingness by senior management to support employee education and training, recognition of the importance of life-long learning. Organisations committed to learning will reward in various forms those who acquire knowledge and disseminate it in the organisation (Sinkula et al., 1997, Slater and Narver, 1996).

Open Mindedness

Open mindedness is linked to the notion of unlearning (Porac and Thomas, 1990, Senge, 1994). It reflects the willingness to change the established routines, to question their relevance and appropriateness to the emerging environment. Open

mindedness ensures organisational renewal, development of alternative perspectives, different lenses for viewing the present and the future. This dimension of organisational learning is a particularly necessary condition for innovation (Sinkula et al., 1997, Slater and Narver, 1996).

Vision sharing

Senge (1994) stresses the role and capacity of leaders in organisation to create and hold an organisations's shared picture of the future. The problem which organisations may face is that “many leaders have personal visions that never get translated into shared visions that galvanize the organisation...around a set of principles and guiding practices that foster genuine commitment and involvement rather than compliance” (Senge 1994, p.9). A shared vision is a vision that many people are truly committed to, because it reflects their own personal vision and transforms the employees' relationship with the company to “us”, instead of “them”. The benefits of a sharing a vision transcend the organisational boundary into inter-organisational relationships.

THE RELATIONSHIP BETWEEN ORGANISATIONAL LEARNING AND INNOVATION, OPERATIONAL EFFICIENCY AND ORGANISATIONAL PERFORMANCE

Innovation

Innovation is defined as the *adoption* of an idea whether pertaining to a device, system, process, policy, program, product or service - that is new to the adopting organisation (Daft 1982). Organisational learning is the principal process by which management innovation occurs (Stata, 1989), as organisational learning facilitates experimentation, (Hedberg, 1981) or generative learning or creativity (Probst and Buchel, 1997) as well as involving the development of new and diverse interpretations of events. In this study we investigate to what extent learning orientation profiles are associated with the various types of innovation. We view innovation as occurring in three distinct categories ie managerial innovation, process innovation and product innovation (Damanpour, 1991).

Operational efficiency

Operational efficiency is the ability of organisation to increase productivity, effectively manage resources, regularly and systematically seek improvement, coordinate and execute internal communication process (Appiah-Adu et al., 2001). The realisation of operational efficiency results in finding more optimal system of product/service delivery and high level of organisation adeptness to new ways of operating.

Organisational performance

In this study, we use marketing effectiveness which refers to the effectiveness with which marketing functions are executed as indicated by such factors as achieving growth objective, sales objectives, market share objectives. Financial performance is indicated by such factors as return on investment, return on equity, return on shareholders funds (Venkatraman and Ramamujam 1986). Because performance can be measured in a variety of ways, no single approach can be expected to have the same effect (Walker and Ruekert, 1987). Finally, while organisational performance may be a short-term to medium term goal of most businesses, we also looked at achievement of strategic objectives as an additional dependent measure of performance. This is indicated by such factors a long term focus, a willingness to sacrifice short term for long term objectives, investing in emerging technologies to achieve a strategic position in the industry.

METHODOLOGY, SAMPLE AND INSTRUMENT DEVELOPMENT

Data Collection

A seven-page questionnaire was mailed out to providers of business services such as consulting architects, engineers, accountants etc and to manufacturing businesses. This provided the service sample of 207 and manufacturing sample of 447. The questionnaires for the service and manufacturing industries were identical except for descriptions appropriate to each industry. In both samples executives responding to the first mail out were compared to those who responded to the second. This comparison was to attempt to address issues of non-response bias. In both cases the differences between early and late respondents were not significant suggesting that perhaps non-response bias was not a major issue. The distribution of respondents by business size (sales revenue) and full time equivalent employees suggests there may be a small bias in favour of medium size businesses.

Instrument development

All measures were captured using multi-items from established scales and had acceptable reliability. They were all subjected to confirmatory factor analysis (CFA) and were found to have acceptable psychometric properties. To develop a typology of learning profiles the three dimensions of learning orientation were each divided into high and low to approximately divide the sample into half. This produced a 2X2X2 matrix (8 cells). To simplify the analysis we decided to develop four typologies LLL (where all the dimensions are low); LLH, LHL and HLL were grouped in 2LH (two dimensions low and one high); HHL, HLH and LHH were grouped into one group 2HL (where two dimensions high and one low) and finally the HHH group (where all dimensions are high).

Data Analysis

Data analysis involved finding differences across the profiles using LSD (least significant difference). To ensure that variance attributed other factors was partialled out, several factors were controlled for as covariates. The model used for data analysis can be represented as

$$Y = a + b_1 \text{Learning} + b_2 \text{ Firm Size} + b_3 \text{Industry dynamics} + b_4 \text{Customer dynamics} + b_5 \text{Competitive intensity} + b_6 \text{ID*CD} + b_7 \text{ID*CI} + b_8 \text{CD*CI}$$

Where

Y=dependent variable (Innovation or organisational performance)

Learning = learning orientation profile; Firm size is measured as sales revenue; Industry dynamics represents technology driven industry dynamics (ID); Customer dynamics represents changes in customer taste and demand (CD); Competitive intensity represents industry competition (CI). The remaining terms are the interactions

RESULTS AND DISCUSSION

Table 1 reports the results of all factors in the model. For all measures of organisational performance, competitive intensity was significant, customer dynamics was significant for financial performance and marketing effectiveness, but not for achievement of strategic objectives. The interaction of industry dynamics and customer dynamics was significant for marketing effectiveness. In all performance measures learning orientation profile remained significant ($p < .001$) after controlling for other factors. The highly significant intercepts suggest (as would be expected) that other important factors accounting for variance in performance measures are not included in the model. The pattern of results for the different dimensions of innovation suggests that most of the covariates did not have significant impact except for the interaction of customer dynamics and competitive intensity which was significant for process innovation and product innovation. Compared to performance measures, the learning orientation profiles had even larger and more significant impact on innovation.

The next stage was to compare the learning profiles across the performance and innovation measures to establish which specific profiles were significantly different to each other. Table 2 displays the results. For financial performance there were significant differences only with respect to LLL which performed poorly relative to the other profiles. The results suggest that even a configuration with two low levels and just one high level for the dimensions of learning orientation, financial performance is not adversely affected. For marketing effectiveness the HHH configuration was significantly superior to the 2LH and LLL configurations; and the 2HL configuration was significantly better than the LLL configuration. The findings for operational efficiency indicate that HHH is by far the most effective profile and is significantly superior to 2HL which in turn is significantly more effective than 2LH and LLL. Hence failure to achieve at least two high dimensions has adverse implications for operational efficiency. The results indicate a gradual improvement in marketing effectiveness as more dimensions of learning orientation are at the high level. A similar pattern is observed for organisational performance. These results suggest a monotonic improvement in performance with improvement in learning orientation profile. However, the results suggest that the differences between 2LH and 2HL are generally not significant. The implication to be drawn from these results is that if the costs of achieving HHH are high (which presumably they are) an organisation can perform just as effectively by achieving at least 2HL.

Because learning is often driven by senior management, one would expect significant differences in profiles for managerial innovation. The results indicate that organisations with an LLL configuration have low managerial innovation; however, each

dimension at high level significantly increases managerial innovation. The same pattern is repeated for process innovation, product innovation and overall organisational innovation. The results suggest that organisational learning has far greater impact on innovation than on performance. This is as would be expected if one accepts that organisational learning is exploration and innovation is exploitation of the acquired knowledge. Overall, these results suggest that achieving high level on the three dimensions of organisational learning is associated with high levels of innovation which in turn is positively associated with various aspects of organisational performance.

The major limitation of this study is that the question of what particular dimension of learning orientation contributes most to innovation or organisational performance was not directly addressed. This could be investigated by comparing the six configurations that were grouped together into 2LH and 2HL. However, to keep the paper parsimonious the results were not reported in this paper. However, given the relatively large sample this will be investigated further in another study.

Table 1. Differences Innovation and Performance Controlling for Industry type, Industry dynamics, customer dynamics, competitive intensity and interactions

Variable	Intercept	LO	Size	Simultaneously Controlling for				ID*CI	CD*CI
				Competitive Intensity	Industry dynamics	Customer Dynamics	ID*CD		
Financial performance	58.652***	5.826***	.012	12.847***	.257	5.010*	3.401	.386	.525
Marketing Effectiveness	127.929***	14.887***	1.100	6.100*	3.187	6.092*	7.770**	1.389	.011
Achievement of objectives	110.934***	23.203***	.808	13.254***	.321	1.958	2.118	1.521	.109
Managerial innovation	98.076***	60.290***	.865	.003	.047	.528	.007	.415	1.424
Process innovation	71.021***	48.818***	3.720*	.097	.099	1.233	.541	1.025	3.670*
Product innovation	101.595***	40.940***	.002	.000	.116	2.624	.081	2.284	6.575**
Operational efficiency	176.544***	11.654***	.074	.288	2.670	2.359	1.167	4.739**	2.015

Table 2: Means, F-ratios and comparisons across Learning Orientation Profiles

	Means						Difference
	LLL N=168	2LH N=145	2HL N=131	HHH N=210	F-ratio		
Operational efficiency	5.00	5.07	5.29	5.58	15.86***	HHH>2HL>2LH&LLL	
Managerial innovation	4.12	4.59	4.92	5.53	60.29***	HHH>2HL>2LH >LLL	
Process innovation	4.04	4.52	4.89	5.38	48.82***	HHH>2HL>2LH >LLL	
Product innovation	4.20	4.58	4.92	5.42	40.94***	HHH>2HL>2LH>LLL	
Financial performance	4.16	4.47	4.55	4.58	5.83***	HHH, 2HL & 2LH>LLL	
Marketing effectiveness	4.75	5.05	5.28	5.29	14.89***	HHH>2LH&LLL; 2HL>LLL	
Achievement of strategic objectives	4.64	5.06	5.34	5.50	28.73***	HHH>2LH&LLL; 2HL>LLL	

***p<.001; **p<.01; *p<.05

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ANTECEDENTS OF ORGANIZATIONAL LEARNING IN FAST-GROWTH FIRMS

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ABSTRACT

This study examines antecedents of organizational learning (OL) in fast-growth SMEs. Our principal research question is: what are the preconditions conducive to the development of a learning culture? Findings reveal 3 antecedents of OL: leadership think, recruitment, and organizational culture. Recommendations for future research and implications for managers are outlined.

INTRODUCTION

This study investigates antecedents of OL in fast-growth SMEs. There are 2 main reasons for undertaking this research: dearth of literature on antecedents of OL, and the preponderance of research on large companies. We elaborate on these reasons below.

First, marketing literature (Baker and Sinkula 2002) reflects considerable interest in the influence of OL in sustaining a CA. Considering the extensive literature on OL, discussions relating to antecedents of OL is scant (Armstrong and Foley 2003). A review indicates only 4 studies investigating antecedents of OL (e.g., Foster, De Bono, and Wanwen 2004). Second, research has concentrated on large organizations rather than SMEs or emerging enterprises (Hurley 2002). This focus has neglected the importance of a firm's stage of development and concomitant growth strategies. In light of these reasons, this qualitative investigation provides a fresh approach to the study of OL by incorporating variables (i.e., leadership think, recruitment, and organizational culture) that have not been considered previously. Moreover, the present study discusses practices and procedures utilized by CEOs to enhance a culture of learning.

Recently, Tan and Smyrniotis (2004a) indicated that fast growth SMEs possess learning, market, and entrepreneurial orientations: factors shown to be significant predictors of superior marketing capabilities and ultimately, firm performance. This qualitative investigation extends Tan and Smyrniotis (2004a). A principal question addressed by this research is, what are the preconditions conducive to the development of a learning culture and ultimately rapid growth? Our paper begins with a brief overview of the pertinent literature, followed by a description of the methodology and discussion of findings. Recommendations for future research are outlined.

Fast Growth Firms

Sexton, Upton, Wacholtz, and McDougall (1997, p. 2) acknowledged the economic contribution of fast growth firms (FGFs) as *gazelles*: companies that achieve a minimum of 20% annual compound sales growth over a 5-year period. According to Birch (1995), *gazelles* comprise 3% of all small companies. In Australia, FGFs account for approximately 10% of all SMEs, contributing substantially to national revenue (Gome 2004).

Sadler-Smith, Spicer, and Chaston (2001) stated that it is not unreasonable to postulate that growing firms differ from those which fail to grow in ways they learn. In relation to the manufacturing industry, these investigators identified positive relationships between growth and a learning orientation (LO). Specifically, higher growth manufacturing firms are characterized by free information flows and behaviors that challenge existing procedures, and behaviors that promote risk-taking/experimentation. Accordingly, learning oriented organizations tend to be more competitive than their counterparts because of their ability to respond quickly to changing markets and unpredictable events. They also have the capability to discard old competencies and develop new ways of operating (Sinkula 1994). In essence, these characteristics reflect those identified in FGFs (Tan and Smyrniotis 2004a).

Organizational Learning

There are two types of OL: single and double-loop learning. The former occurs when errors are corrected without altering the underlying governing values. This process is also known as adaptive learning. An example would be learning from mistakes. However, the latter occurs when one questions an organization's values that lead to viewing problems from different angles, introducing ideas from other contexts and experimenting with new approaches (Argyris 1977). According to Baker and

Sinkula (1999), a learning oriented firm, is an organizational commitment to higher level learning initiatives. Organizations learn as a result of experience, management development, and changes in the size of the organization. Basically, there are three main components of OL: commitment to learning, shared vision, and open-mindedness (Baker and Sinkula 1999).

Research (Nyhan et al. 2004) demonstrates that leadership plays a key role in the development of learning, as a component of strategic company policy. Other notable key factors have been identified. For example, Lukas, Hult and Ferrell (1996) proposed a model of antecedents to organizational learning in marketing channels based on environmental factors, including rapidly changing and unpredictable task environments, and environmental fit of channel structure and strategy, amongst others. By contrast, Foster, De Bono and Wanwen (2004) suggested that antecedents are internal: incorporating intelligence, motivation to perform, past memories, and values/vision. Similarly, Griego, Geroy and Wright (2000) found that rewards/recognition, and training/education predicted learning organization profiles. Farrell (1999), in regard to predictors of LO, reported that lower levels of centralisation and market turbulence affect firms' learning proclivities, which in turn influence organizational commitment and esprit de corps.

METHODOLOGY

Participants

Participants are the 2004 *BRW Fast 100* firms (Gome 2004). The *Fast 100*, a compilation of Australia's fastest growing private and public SMEs, is similar to *Fortune's FSB 100*, America's fastest growing small companies. This cohort has similar characteristics to FGFs worldwide (OECD 2002). Inclusion criteria involve: less than 200 full-time employees, turnover of more than AUD\$250,000 in 1999/2000, and a single customer must not account for more than 50% of a company's turnover. Companies provide signed audited turnover figures over four consecutive financial periods (2000-2004), in order to calculate average growth rates for ranking purposes. This study generated a response rate of 81%. Fast 100 firms achieved an average turnover growth of 102%, while the top two companies attained growth rates of 598% and 887%. The growth rate for the company ranked 100 is 35%. Approximately 80% of the *Fast 100* are service agencies. For the purposes of this paper, only findings emanating from in-depth interviews of 18 randomly selected owners/CEOs, and those relating to antecedents of LO are reported.

Procedure

Tape recorded semi-structured interviews of 1-2 ½ hours involved a checklist of areas to cover rather than a list of pre-determined questions. Questions were based upon Baker and Sinkula's (1999) study of LO (e.g., Is employee learning a top priority? How do you reflect critically on the shared assumptions you have about the way you do business?). One of the two present investigators (CT) provided informants an opportunity to relay stories and events. Interviews were transcribed and data analysis involved identifying key words, constructs, major and minor themes, and reoccurring patterns and elements. According to Hill and Wright (2001), qualitative research provides an opportunity to achieve a holistic view of complex events in organizations, and develop relevant causal network models (Denzin and Lincoln 2000).

RESULTS AND DISCUSSION

A contextual analysis of interview data identified 3 OL antecedents: leadership think, recruitment, and organizational culture. [Figure 1](#) shows antecedents and consequences of OL which are discussed below. Owing to space limitations, evidence for findings are restricted to only the best examples from companies.

Leadership Think

CEOs who possess energy, determination, and love for their business, drive the direction and strategy of their organizations. Russo (2001, p. 7) emphasised that *gazelle* entrepreneurs have *audacious goals at the heart of what they are doing*. The CEO of Smart Partners, Ben Lilley stated: *I love sharing my passion for our business and developing new with our staff. I am by nature an energetic, enthusiastic, outgoing and optimistic person*. The CEO of Assetivity elaborated that her greatest strength as a leader is *stability, and capability to set and articulate a vision and direction for the organization*.

These characteristics appear to be a starting point, compelling the direction of an organization. Consistent with Weisner and McDonald (2000), we found that environmentally sensitive interactions between management and employees provides opportunities for direct leadership, which can facilitate robust organizational cultures. Given that the majority of firms in our

sample are young and emerging, without any excess baggage, these organizations are in a solid position to shape their culture possibly more decisively than their counterparts.

By default, FGFs challenge the norm by unlearning what they already know in the market. Maverick Marketing stated that *as a company, we constantly challenge convention. This is the key to our success. Not taking “no” as an acceptable answer.* Not surprisingly, 71% of Fast 100 participants started their business related to their former job. Perhaps the energy and passion of Fast 100 CEOs can be attributed to their youth, openness to learning and flexibility. Participants regard themselves as high achievers, recruiting personnel who will foster the growth process. The importance of recruitment is elaborated below.

Recruitment

CEOs are usually in the best position to select new members that fit and accept the culture (Keeley et al. 1998). Barringer, Jones and Lewis (1998) found that FGFs placed importance on recruitment and selection of personnel. CEOs note that one of their biggest mistakes relate to hiring the *wrong people*. Bluestone’s CEO stated that *we were hiring due to necessity rather than exact fit found with the candidate*. Appointments based solely on appropriate skills are insufficient.

Recruitment of appropriate staff to ensure within culture fit is challenging. FGFs seem to go to lengths to engage the best staff. Within the context of building a robust brand to become an employer of choice in the advertising industry, Ben Lilley described employing novel means to recruit top employees: *The most successful example of this is a ‘stunt’ that we launched earlier this year in the hope of attracting an ambitious young new creative team to the business. We plastered stickers cheekily advertising the job opening in the foyers and elevators of competing advertising agencies. The stickers read: “Attention Agency Management: If your best young creative team is in late this morning we apologise. They’re probably seeing us. Smart, now hiring.”*

While employers do not hold back on encouraging staff to voice their opinions (Tan and Smyrnios 2004b), Barringer et al. (1998) added that empowering personnel to make their own decisions can help to promote firm growth. 53.2% of 2004 Fast 100 CEOs found it easier to recruit sound employees over the previous 2 years, with 52% using recruitment specialists. CEOs stress that positive employee progress contributes to a happy environment/culture, the factor of which is elaborated below.

Organizational Culture

How does leadership in organizations foster behavior in staff to commit to learning, share their vision, and incorporate an attitude of open-mindedness? The present findings reveal that behaviors are essential for the establishment of an appropriate organizational culture. Bluestone’s CEO places an importance in *de-politicizing to align the interests of the organization*.

There is a strong emphasis on staff satisfaction and morale. Making sure that employees are happy is viewed as promoting successful results. LRS Labour Solutions concentrates on *treating people the way we like to be treated and celebrating special occasions as a team*. Morale is also improved by *staff awarding ‘stars’ for their efforts to the team and redeeming them for gifts* (M&M Real Estate). These findings also reflect Griego et al. (2000) who reported that rewards/recognition and education are significant predictors of OL.

FGFs possess an *it’s ok to make mistakes* proclivity. AAP notes: *You can’t impose your personality on them. You have to let them do it their way, as long as their result is the same. And you’ve got to allow them to make mistakes too.* Having a team that can be trusted aids the learning process. Techex Communications advises: *You should surround yourself with good people as soon as you can afford to. I have a team of people I can trust and work hard. Without them, I would still spend 24/7 responding to every problem.*

Although researchers (Griego, Geroy, and Wright 2000) have investigated antecedents and consequences of organizational learning using different measures, the essence of the concept remains the same (e.g., individual, and group/team learning; organization vision, culture, strategy). Notwithstanding, it appears that research in this area has targeted measurement and model building at the expense of undertaking in-depth qualitative research on how learning occurs in organizations (Hurley 2002). This study goes some way towards addressing this problem by investigating conditions that promote OL. In conclusion, we stress that the leadership role of the CEO, which includes the desire to grow the organization, sound but creative staff recruitment processes, and an optimal organizational culture enables firms to learn. Within this framework, the emphasis appears to be customer oriented rather than product centric.

IMPLICATIONS FOR MANAGERS AND RECOMMENDATIONS FOR FUTURE RESEARCH

Collecting and disseminating organizational knowledge might be a relatively easy task for learning oriented companies. Constantly challenging assumptions however, can be difficult. This research informs us that FGF leaders challenge the status quo. This factor might be a feature of relatively young CEOs of emerging firms.

Creating an environment that promotes learning requires leaders who strive to make a difference, and have a passion for what they believe. Recruiting employees who possess the necessary skills and abilities to fit into their firm culture is essential to drive learning. Cultural fit is an imperative for OL, which is greater than the sum of individual knowledge and learning. Ensuring that office environments are relatively free from politics can help employees focus on their job. When employees are allowed to make mistakes, learn from them, and voice their opinions, CEOs comment on how these qualities, amongst others, contribute to morale, creativity, and happiness, and vice versa. Perhaps, future research should focus on from whom organizations learn and ways in which they learn. In other words, what characteristics do learning organizations possess? Finally, it would be valuable to see whether these antecedents to OL, as explicated in this study, are evident in large organizations and SMEs in general. Researchers should develop scales to measure antecedent constructs (i.e. leadership think, recruitment and organizational culture) to allow for comparisons among companies from different industries.

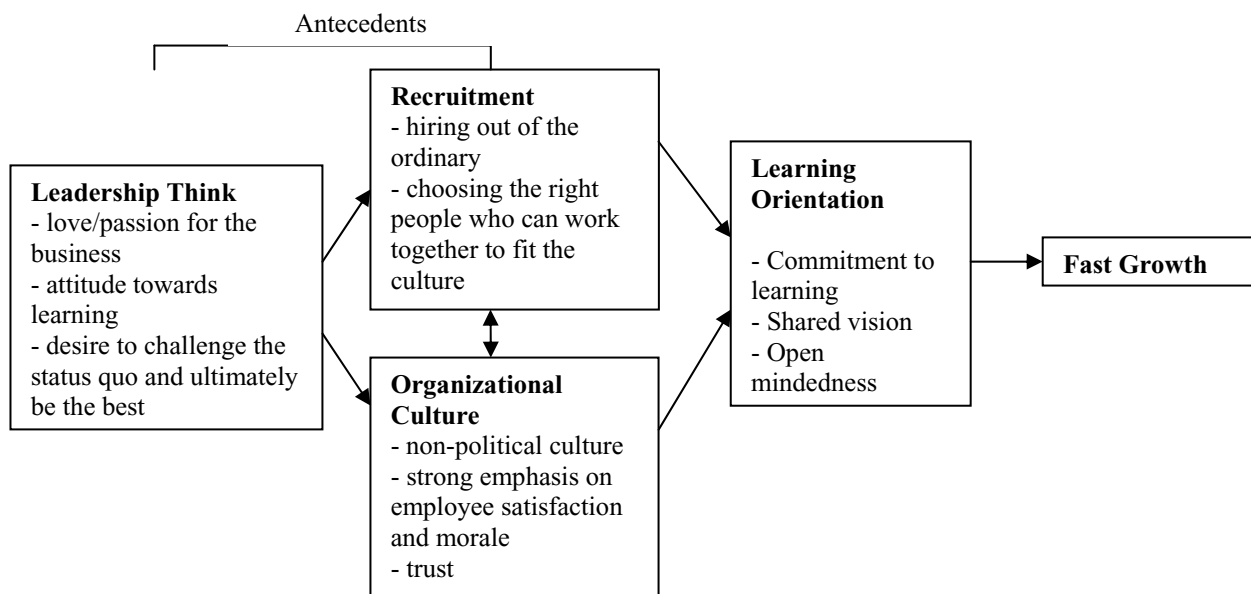


Figure 1. Antecedents of organizational learning in fast-growth SMEs

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MISCALIBRATION AS A SUBSTITUTE FOR STRATEGY IN HIGH VELOCITY ENVIRONMENTS

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ABSTRACT

Miscalibration may substitute for strategy in high velocity environments. Among the competing views on strategy formation lies the suggestion that there may be substitutes for strategy that produce strategy-like outcomes. Improvisation would be an example (Wieck 1987). Structured around the notion that execution *is* analysis and implementation *is* formulation, these ideas combine elements from a linear and adaptive view of strategy with a largely interpretive view. We build on this notion by introducing the idea of *calibration*, which refers to the correspondence between accuracy and confidence in one's beliefs or knowledge, to examine how miscalibration can substitute for strategy. We describe how miscalibration of knowledge of strategic variables, arising from overconfidence, can lead to strategic action. Social cognitive theory is used to identify the differential effects of miscalibration of knowledge of external, environmental factors and internal, firm-specific factors. Propositions and implications for marketing theory and empirical study are suggested.

A MODEL OF SALESPERSON SATISFACTION/DISSATISFACTION EVOLUTION PROCESS: THE ROLES OF EXPECTATIONS, DISCONFIRMATIONS, ATTRIBUTIONS, AND EQUITY PERCEPTIONS

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ABSTRACT

Job satisfaction and its possible link to performance have been widely investigated in organizational behavior and sales force research (Bagozzi 1980a, b; Brown and Peterson 1993; 1994; Donovan *et al.* 2004). Because increased selling efforts and higher sales performance are almost universal managerial objectives, the means to these goals are different depending on the way performance is related to job satisfaction. As a result, managers need a thorough understanding of the job satisfaction formation and evolution process as well as the links between salesperson satisfaction/dissatisfaction (SS/D) and sales performance.

This paper argues that one possible reason for the lack of strong empirical support for such relationships could be that (1) SS/D results from a process that evolves over time and involves a large number of time-related causes, and (2) some of these relationships are more complex than the relatively straightforward links that have been typically assumed in the literature. It proposes a conceptual framework that relates the concepts of salespersons' effort, performance, rewards (or personal outcomes), and satisfaction, and highlights the recursive nature of the satisfaction process. It shows how performance (and its consequences for a salesperson) impacts on various dimensions of job satisfaction over some period of time. SS/D is hypothesized to result from (1) personal job outcomes, (2) a salesperson's effort levels, (3) the directions and sizes of the expected-actual performance/outcome gaps, (4) the nature of the causes a salesperson attributes to the expected-actual performance/outcome gaps, (5) a salesperson's feelings of equity/inequity, and (6) other job- and organization-related factors.

A salesperson may obtain different extrinsic and extrinsic benefits from performing a job. Following the tenets of economic utility theory, other consequences, however, may have negative impacts on job satisfaction, such as the resulting fatigue or the time foregone for exerting selling efforts. Consequently, a negative direct relationship should also exist between a salesperson's efforts and job satisfaction. In addition, following discrepancy theory (Locke 1969; Rice *et al.* 1989) and the disconfirmation paradigm (Oliver and DeSarbo 1988; Tse and Wilton 1988), salespersons' satisfaction on each job dimension should be a function of the size of the gap between performance and a salesperson's expectations.

SS/D should also depend on the causes salespersons attribute to the performance-expectation gaps (Weiner 1972). According to attribution theory (Heider 1958; Kelley 1972; Mizerski *et al.* 1979), individuals provide explanations to events occurring in their environment, and the attributions salespersons make for explaining their performance and departures from expectations should influence job satisfaction as well as subsequent behaviors. Attributions are characterized along their locus (Heider 1958) and stability (Weiner *et al.* 1972) dimensions. They are internal or external (Teas and McElroy 1986) depending on whether salespersons believe they have been instrumental in the event outcome or whether they think they have had no part in it. A distinction is made between external causes that are attributed to firm-related and environment-related factors. Furthermore, salespersons perceive these causes as stable or unstable. Depending on their nature, salespersons' attributions should affect different dimensions of the SS/D process. In addition, attributions are known to be linked to individuals' personality traits, especially their locus of control (Teas and McElroy 1986).

Another mediating variable is equity perceptions. Salespersons experience procedural and distributive fairness (Brashear *et al.* 2002). Equity theory (Homans 1974) proposes that a state of equity exists among different parties when their perceived respective ratios of outputs-to-inputs are equal (Netemeyer *et al.* 1997). Internal equity is experienced when salespersons compare their situation with those of employees in their own organization, either in non-selling positions (company equity) (Scholl *et al.* 1987) or in sales positions (job equity). Concerning interpersonal welfare comparisons, perceived pay equity might have a strong impact on employee's morale and performance (Adams and Jacobsen 1964). Individual or Collective Corporate Inequity is often experienced by salespeople following a comparison of their own equity ratio with that of their firm, if salespersons resent receiving only market rate wages when the firm shows higher than average industry profits.

The job and organization dimensions of the SS/D concept are also affected by a large number of variables that are not *directly* linked to a salesperson's performance and/or extrinsic or intrinsic rewards, such as role stressors (Churchill *et al.* 1985; Singh 1998), the difficulty of the selling task, customers, territory design (Grant *et al.* 2001), environmental uncertainties (Sohi 1996), and organizational factors (Ramaswami and Singh 2003; Evans *et al.* 2002; Pettijohn *et al.* 2001; Dubinsky *et al.* 1995). A number of research propositions are derived from the proposed conceptual framework.

AN EXPLORATORY STUDY OF CHINESE SALESPERSONS' DISPOSITIONAL ORIENTATIONS

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ABSTRACT

This paper examines cross-cultural applicability of dispositional orientations associated with salesperson motivation and performance. Results of a sample survey of Chinese salespeople indicate the presence of common normative framework among salespeople in terms of the importance of some of these orientations and point to the presence of conflicting value differences even within a company and country.

INTRODUCTION

The study of factors influencing the motivation of salespersons has been a longstanding topic in sales management research (Churchill, Ford, and Walker 1993). In recent years there has also been increasing attention to the role that dispositional orientations may play in motivating and shaping sales performance. Saxe and Weitz (1982) developed the SOCO scale to measure the customer and selling orientations of salespeople. Other studies of salesperson orientations have focused on a different set of orientations, namely goal orientations towards learning and performance that were first emphasized in the education literature (Ames and Archer 1988; Elliot and Dweck 1988). For example, Sujan, Weitz, and Kumar (1994) have constructed scales to measure learning and performance orientations of salespersons. Vandewalle et al. (1999) have also utilized scales measuring employee learning and performance orientations in a sales context.

Although these salesperson orientations have been utilized frequently in recent sales management studies, the constructs of SOCO and learning and performance orientations have rarely been examined together (Harris, Mowen, and Brown 2005). Thus, the first goal of this paper is to integrate these two streams of research on salespersons' orientations and examine relationships of various dispositional orientations associated with salesperson motivation and performance including: customer orientation (CO), selling orientation (SO); sales learning orientation (SL); sales performance orientation (SP); general learning orientation (GL); proving performance orientation (GPP); and avoiding performance orientation (GPA). Additionally, we focus on a construct closely related to the proving and avoidance dimension of performance orientation, the desire to manage impressions (IM) of oneself to relevant audiences (Palmer et al. 2001).

The objective of the paper is to examine the cross-cultural applicability of these orientations. Herche, Swenson, and Verbeke (1996) argue that these salesperson orientation scales may be bound to the American culture and may not be transportable to the selling forces of other countries. For example, their findings suggest that there is lower internal consistency and differences in the internal factor structure of SOCO for a sample of salespersons from the Netherlands. Despite the frequent use of SOCO in research, there are very few studies that have examined customer orientation and selling orientation across cultures (Schwepker 2003). In this paper, we conduct an exploratory study to assess similarities and differences in the orientations of salespersons for a major Chinese company. Because of the rapidly growing size of their countries' economies, sales management researchers have been particularly interested in studying motivation of salespersons from Asian countries such as China, Taiwan, and Korea. The rest of this paper is organized as follows: we first discuss the dispositional orientations in detail and then provide a discussion of Chinese cultural characteristics. We then introduce our research methodology and discuss our findings.

SALESPERSON ORIENTATIONS

SOCO

The SOCO scale was developed to render a set of salesperson behaviors and attitudes that reflect a desire to help customers assess their needs and make satisfactory purchase decisions by accurately describing products and matching those products to customer needs (Saxe and Weitz 1982). This customer-oriented approach was viewed as being contrary to a selling orientation in which "hard sell" tactics might be applied to mislead or to pressure customers. Consequently, the scale was constructed as a balanced 24-item with twelve items reflecting the customer orientation (CO) and twelve negatively-cast items connoting the selling orientation (SO). The twelve negative items are conventionally reverse-coded and summed with the positive items to create a bipolar and encompassing customer orientation to sales. Schwepker (2003) reviews thirty-eight

studies that have included SOCO or a modified form of SOCO to investigate factors related to selling performance and effectiveness.

Learning and Performance Orientations

Sujan, Weitz, and Kumar (1994) propose that educational research on learning and performance goal orientations (Elliot and Dweck 1988; Ames and Archer 1988) has particular applicability in the field of personal selling. Persons high on performance goals are very concerned about how they are being evaluated by others, particularly when experiencing failing or disappointing performance. In contrast, persons high on learning goals are not worried about failure and may be motivated by negative outcomes and negative feedback to persist in their efforts (Elliott and Dweck 1988). Sujan, Weitz and Kumar (1994) suggest these goal orientations are determinants of sales behaviors of “working harder” or “working smarter” which in turn, influence selling performance. Sujan and colleagues modified the education scales of Ames and Archer (1988) to create scales for a context of professional selling. Their sales learning orientation (SL) scale primarily taps beliefs about the nature of the selling profession. For example, the SL scale includes items such as: “making mistakes when selling is just part of the learning process” and “making a tough sale is very satisfying”. The sales performance orientation (SP) items are specifically related to making a good impression on supervisors and competing against other sales representatives. Sample items include: “it is very important to me that my supervisor sees me as a good salesperson” and “I feel very good when I know I have outperformed other salespeople in my company”.

The studies of learning and performance orientations also attracted the attention of researchers in management interested in dispositional factors that might be used in employee selection and evaluation (Button, Mathieu, and Zajac 1996; VandeWalle 2001). A key concern for these researchers is the development of measurement scales that represent a general learning orientation (GL) or a general performance orientation (GP) (Button et al. 1996). VandeWalle (2001) has proposed that an employee’s performance orientation may have two dimensions: the proving dimension (GPP) desires to obtain positive judgments and the avoiding dimension (GPA) is concerned with avoiding negative judgments about one’s ability. VandeWalle’s scales to measure GL, GPP, and GPA have been applied in studies of salesperson motivation and performance (VandeWalle et al. 1999). A construct that is closely related to the proving performance orientation and the avoiding performance orientation is a motivation to manage impressions (IM). Palmer et al. (2001) emphasize that impression management has both a protective and an acquisitive orientation. The protective orientation suggests how much status and respect one might lose if the evaluation is unfavorable; the acquisitive orientation signifies a gain in personal stature and respect from a favorable performance evaluation.

CHINESE CULTURAL INFLUENCES

Previous research has identified several cultural factors that may lead to differences in the orientations of U.S. and Chinese salespersons. One classic framework used to describe cultural differences is the framework of Hofstede (1980). Hofstede characterizes cultures by the following dimensions: individualism/collectivism; masculinity/femininity; high/low power distance; high/low uncertainty avoidance; and abstract/associative thinking. Atuahene-Gima and Li (2002) argue that the following dimensions particularly characterize differences between Chinese and U.S. salespersons. China is a collectivist, high uncertainty avoidance, and high power distance society; consequently, Chinese managers may have more encompassing authority than their U.S. counterparts.

Nakata and Sivakumar (1996) argue for the marketing influences of a cultural characteristic known as the Confucian dynamic (Chinese Culture Connection 1987). The positive pole of the Confucian dynamic emphasizes the importance of hard work, persistence, and a future orientation. The negative pole of the Confucian dynamic stresses the importance of saving face, preserving status and dignity, and avoiding criticism and disgrace. Although these qualities are associated with Confucianism, this cultural factor may also be characteristic of non-Asian countries such as Brazil. Fang, Palmatier, and Evans (2004) maintain that the hard work ethic may influence the motivational processes of Chinese salespersons. Their study suggests that extremely difficult goals may lead to greater selling effort for Chinese salespersons whereas U.S. salespersons may reduce selling effort. The importance of saving face in Chinese culture is also related to impression management and the proving and the avoiding performance orientations. Fang et al. (2004) also emphasize the importance of cultural differences of high-context or low-context communication styles for salesperson motivation. Hall (1976) describes low-context communication as emphasizing messages that have direct and explicit meanings. In a high-context communication culture, the meaning of messages is indirect and is implicit in the interpersonal and sociocultural relationships. Consequently, explicit information from managers to salespersons may positively influence selling effort for

salespersons in the U.S. which is a low-context communication culture. In contrast, explicit and specific goals may have negative effects on the motivation of salespersons in a high-context culture such as China (Fang et al. 2004).

In this study, we explore three possibilities with respect to the influence of Chinese cultural characteristics on salesperson orientations. The first possibility is that Chinese salesperson orientations are very similar to U.S. salespersons. This would suggest there is a common professional and corporate culture creating similarities across national boundaries (Herche, Swenson, and Verbeke 1996). The second possibility is systematic cultural differences of Chinese salespersons to their American counterparts. This view is emphasized in Fang, Palmatier, and Evans' (2004) study of salesperson motivation. The third possibility is suggested in the study by Atuahene-Gima and Li (2002). China is a country experiencing substantial turmoil and changes in its economic system displacing many traditional values and ways of doing business. Atuahene-Gima and Li find that there are large differences in supervisor/salesperson relationships within the Chinese sample relative to the more homogeneous U.S. sample.

METHOD

The data for this study comes from the salesforce of one of China's largest domestic corporations. The company manufactures and sells information technology products such as desktop and notebook computers, servers, printers, and mobile handsets aimed primarily at the domestic market in China. The company has nearly 10,000 employees and annual sales of approximately U.S. \$ 3 billion. Questionnaires were distributed electronically to 50 salespeople based out of a regional sales office by an administrative manager working out of that office. The administrative manager had no supervisory authority over the salespeople and had no connection with the study. It was explained to the salespeople that the study was an academic study being conducted by a marketing professor whose contact details were given to the salespeople. Directions also emphasized that there were no right or wrong answers to the questions.

The salespeople had 2 weeks to complete and return the three page questionnaire. The questionnaire was translated into Chinese by a Chinese national (not connected with the study) holding advanced U.S. degrees living in the United States with the help of two Chinese university professors (also unconnected to the study). Furthermore, the questionnaire was back-translated into English and a small pilot test was conducted to ensure that the questions and instructions were clear. No problems were noted. At the end of the two-week period, twenty-eight (N=28) completed surveys were received.

Measures

Selling and customer orientations were measured by using the 24-item SOCO scale developed by Saxe and Weitz (1982). Twelve of these items measure selling orientation (SO) while the remaining items measure customer orientation (CO) of salespeople. By convention, the measurement items signifying the selling orientation are reverse-coded so that these two factors may be combined into the overall SOCO scale. Sales learning orientation (SL) was measured using the nine-item scale developed by Sujana, Weitz, and Kumar (1994) while sales performance orientation (SP) was measured using the six-item scale developed by the same authors. Vandewalle's (2001) scales for measuring learning and performance orientation of employees were used to measure general learning orientation (GL - 4 items), a proving performance orientation (GPP - 4 items), and an avoiding performance orientation (GPA - 4 items). Impression management (IM) was measured by a four-item scale that was a modified version of the scale developed by Palmer et al. (2001). All the above mentioned items were measured using a nine-point Likert type scaling which is conventionally used in SOCO research. Additionally, we also collected some respondent background information on the number of years of sales experience and number of years with the company.

RESULTS

The results suggest that the translated forms of measurement scales exhibit acceptable reliability. The coefficient alphas for the various scales are: SOCO ($\alpha = .89$), CO ($\alpha = .90$), SO ($\alpha = .83$), SL ($\alpha = .72$), GL ($\alpha = .78$), SP ($\alpha = .78$), GPP ($\alpha = .89$), GPA ($\alpha = .65$), and IM ($\alpha = .71$). All items from the original scales of Saxe and Weitz (1982), Sujana, Weitz, and Kumar (1994), Vandewalle (2001), and Palmer et al. (2001) have been included and retained in this study. On examining the means and standard deviations of the construct measurement scales we find that CO, GL, and SL exhibit a very high level of agreement (average response > 7.50 on a scale of 1 to 9). The standard deviations of the item responses are also relatively low (less than 2.0) in comparison to the other scales. In general, this sample of Chinese salespersons has strongly endorsed

the importance of a customer orientation (CO), a general learning orientation (GL), and a sales learning orientation (SL). These three scales are positively correlated.

The positive endorsement of these three salesperson orientations is also characteristic of U.S. salespersons. Table 1 compares results from this study to results in studies by Johnson and Sivadas (2005) and Harris, Brown, and Mowen (2005). The first U.S. study by Johnson and Sivadas investigates orientations of pharmaceutical salespersons employed by a major drug company. The study by Harris and colleagues examines orientations of real estate salespersons employed by several companies. Although the mean customer orientation of the Chinese sample is significantly less than the more extreme U.S. samples, the mean agreement of 7.61 on a scale of 1 to 9 is very high. Sales learning orientation for the Chinese sample is less than the pharmaceutical salespersons but not significantly different from the real estate sample. General learning orientation is not significantly different for the Chinese and pharmaceutical samples. These three studies are also similar in that all three of these orientations are positively correlated. These results suggest some commonalities in the sales profession extending across cultural boundaries.

Some of the scales and individual items exhibit lower levels of agreement. These scales include the avoidance dimension of a general performance orientation (mean GPA = 4.17), the reverse-coded selling orientation (mean SO=5.97), the proving dimension of a general performance orientation (mean GPP=6.27), the impression management scale (mean IM=6.44), and the sales performance orientation (mean SP=6.63). Results suggest that many of these Chinese salespersons may have a stronger acceptance rather than rejection of the hard-selling techniques contained in the SO scale. The reverse-coded SO in the Chinese sample is significantly less than the two U.S. samples. With respect to the sales performance orientation, mean response of the Chinese sample is significantly less than the pharmaceutical sample but greater than the real estate sample. The results also suggest that there is substantial variance within the Chinese sample on the both the avoidance and proving dimensions of general performance orientation, impression management, and sales performance orientation. For these four scales, results indicate a deviation of item responses (greater than 2.0 for all or most items) in this small homogeneous sample of salespersons from one regional office of a single company. In view of the high reliabilities of these scales and high correlations of these scales, we conclude that there may be more differences within this sample of Chinese sales professionals, than across national boundaries. Analysis indicates that these scales are not related to any differences in years of sales experience or years with this company.

DISCUSSION

The results of this study suggest that salespersons from China and the U.S. may share a common normative framework in terms of the importance of a customer orientation, a sales learning orientation, and a general learning orientation. Customer orientation emphasizes the importance of understanding the needs of the customer and trying to solve the customer's problems. Sales learning emphasizes the importance of learning from one's sales experiences as well as the rewards of overcoming challenging situations and "tough sales". The general learning scale emphasizes the importance of taking on challenging tasks to enhance learning. The consistently high scores on the sales and general learning scale also reflect values compatible with the Confucian dynamic emphasizing the rewards of effort and hard work.

The results of the other salesperson orientation scales suggest that there may be conflicting cultural values creating differences within this small sample. In general, the Chinese salespersons reject the avoidance dimension of the performance orientation which asserts that one should avoid situations where one could appear incompetent and low in ability. However, there is substantial variation in these items suggesting that some of the respondents may wish to avoid situations that may lead to a loss of face. Differences in the importance of saving face are also reflected in the response deviations to the impression management scale which includes items asking how much the respondent's status and reputation may suffer in the event of poor evaluations and performance.

Within the general performance proving scale and the sales performance orientation scale, there are items that emphasize competitiveness with one's coworkers. For example, the sales performance scale includes the item - "I feel very good when I know I have outperformed other salespeople in my company". Again the variance of responses suggests the presence of both individualism and collectivism within this sample, in a society generally regarded as collectivist. The sales performance scale also contains items pertaining to communications between a salesperson and a supervisor. Communication between salesperson and sales manager may be less direct because China is a high context communication culture (Fang et al. 2004) and is high in power distance relationships (Atuahene-Gima and Li 2002). One of the items in the sales performance

orientation scale asks respondents whether they always try to communicate their accomplishments to their managers. Generally, this item is endorsed but with some variation (mean = 6.61 on the 9 point scale, s.d. = 1.99).

Finally, the salespersons in this study express less rejection of the various “hard-selling” methods described in the selling orientation subscale of SOCO. For example, respondents generally endorse the item “I try to sell a customer all I can convince him to buy, even if I think it is more than a wise customer would buy”. Other items reflecting substantial agreement are items such as “I pretend to agree with customers to please them” and “I imply to a customer that something is beyond my control when it is not”. The low correlation between the SO and the CO subscales also indicate that this sample may not regard the selling orientation as logically contradictory to the customer orientation.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

Our sample of salespeople was drawn from one region of a large sales organization. The small size of the sample limits our ability to use more sophisticated multivariate data analytical tests. A larger sample size and a sample drawn from multiple industries and regions would have allowed us to make more definitive conclusions about the orientations of Chinese salespeople and provide additional insights. Our exploratory study points to some interesting differences between Chinese salespeople and what has been reported in the literature about the U.S. salesforce. It also identifies in-country individual value differences even within one-company and one-region in terms of the orientations of the salesforce. We commend researchers to test the importance and influence of these orientations on salesforce performance in multiple countries and to identify factors that explain such differences.

TABLE 1
Comparison of Chinese Sample with Two U.S. Samples

	China n=28	USA n=149	USA n=190
Sample	Hi-Technology	Pharmaceutical	Real Estate
Source	Present Study	Johnson and Sivadas 2005	Harris, Mowen, and Brown 2005
	Mean (S.d)	Mean (S.d.)	Mean (s.d.)
CO	7.61 ^a (1.02)	7.97 ^b (0.60)	8.03 ^b (0.86)
SO	5.97 ^a (1.38)	7.05 ^b (1.20)	7.20 ^b (1.01)
SL	7.55 ^a (0.94)	8.20 ^b (0.70)	7.58 ^a (1.14)
GL	7.63 ^a (1.04)	7.42 ^a (0.89)	N/A
SP	6.63 ^a (1.37)	7.25 ^b (1.00)	5.50 ^c (1.64)
GPP	6.27 ^a (1.90)	6.76 ^b (0.90)	N/A
GPA	4.17 (1.55)	N/A	N/A
IM	6.44 (1.46)	N/A	N/A

For each measure means with the same superscript are not significantly different. Means with different superscripts are significantly different at $p < .05$.

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THE RELATIVE IMPACT OF IMPORTANT SALES PRESENTATION SKILLS UPON INDUSTRIAL SALESPERSON JOB PERFORMANCE

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INTRODUCTION

Due to its vital importance to both the firm and to individual salespeople, improving sales performance is of great interest to both managers and researchers. The purpose of this paper is to improve our ability to explain industrial, business-to-business salesperson job performance by more fully explicating the nature and relative effects of a set of specific sales presentation skills that sales managers consider to be highly important.

THE HYPOTHESIZED MODEL

Towards this end, a model describing the relations between B-B salesperson job performance, important sales presentation skills, and two antecedents to these skills is developed and tested. In this model, two characteristics of the salesperson (i.e., years of selling experience and perceived quality of the sales training s/he has received) are held to be positively associated with each of the sales presentation skills. The sales presentation skills used in the model consists of the salesperson's skill at using active listening, adaptive selling, handling customer objections, closing sales transactions, negotiating with customers, and identifying potential prospects. In turn, each of the presentation skills is hypothesized to be positively associated with salesperson job performance.

RESEARCH METHOD AND RESULTS

Items to measure the sales presentation skills were developed as part of this study. These items asked respondents to compare themselves to other salespeople and to rank themselves into one of five groups ranging from the "first 30 percent" to the "top 1 percent" of salespeople. Selling experience was measured by asking respondents to report their years of professional selling experience. Adaptive selling was measured using the five items suggested by Robinson et al. (2002), and quality of salesperson training was measured using three items adapted from Roberts et al (1994). Salesperson job performance was measured using six items adapted from Behrman and Perreault (1982). To test the hypothesized model, data were collected from a sample of industrial, business-to-business salespeople. Of the 400 questionnaires distributed, 236 were returned directly to the researchers (59% response rate). After the measurement model relating each item to its assigned construct was found to be satisfactory, the relations comprising the hypothesized model were tested using the covariance matrix (derived using PRELIS 2.53) among the measurement items as input to LISREL 8.53. The hypothesized model fits the data extremely well ($\chi^2_{(307)} = 477.04$ ($p=0.00$), CFI = 0.99, NNFI = 0.99, standardized RMR = 0.047, RMSEA = 0.049) and 10 of its 18 paths (55%) are significant. Examination of the MI and SEPC values given in the LISREL output indicated that the model is not missing any significant paths.

DISCUSSION

Results from analyzing the model shows that one of the salesperson characteristics, sales experience, underlies all of the sales presentation skills but that the other, training, is associated only with skill at adaptive selling and prospecting. While all of the sales presentation skills are positively correlated with job performance, after testing the entire set of relations only the industrial salesperson's ability to close sales (completely standardized path estimate: 0.55) and to properly engage in relational, adaptive behaviors (0.17) were associated with job performance. The overall conclusion to be drawn from these results is that in order to directly impact industrial salesperson performance their managers should ensure that B-B salespeople are provided with experiences and training that develop appropriate closing techniques as well as flexibility in handling different types of customers across different selling situations. While the remaining sales presentation skills were not found to be directly related with job performance these findings do not imply that sales training in these areas is wasted and so can be decreased or even omitted. On the contrary, salesperson skill at using active listening, handling objections, and negotiating can instead be quite important in building the customer's perceptions of trust and credibility in that salesperson. Therefore, the lack of significant associations between training quality and these important sales presentation skills indicates that training in these areas may be ineffective and so sales managers should search for ways to improve the quality of the skills training that B-B salespeople receive in these areas.

ONLINE EVALUATION OF APPAREL PRODUCTS AS PART OF FEMALE CONSUMERS' DECISION-MAKING PROCESSES

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ABSTRACT

A qualitative research style was adopted to investigate professional women's online evaluation of apparel products. Professional women used physical and performance dimensions of apparel in their evaluation of the products. Other factors that played a role in their decision-making processes were store layout, categorization of products and availability of information.

INTRODUCTION

Apparel as a product category will probably become an ever-increasing part of sales on the Internet (Goldsmith and Goldsmith 2002; Lee and Johnson 2002; Park and Stoel 2002). Especially developing countries, such as South Africa should therefore realize that failure to adopt e-business technologies could lead to apparel producers and retailers becoming increasingly marginalised. However, the lack of information regarding consumers' online evaluation and decision-making processes, results in uncertainty amongst retailers and marketers, about the most appropriate way of marketing apparel on the Internet. Various factors intrinsic and extrinsic to apparel consumers, such as their decision-making processes, affect their adoption of the Internet for apparel purchasing. (Griffith 2005).

The assessment of apparel is an important step in the decision to purchase or not to purchase. It includes aspects such as the assessment of the quality of the product (Fiore and Damhorst 1992). Consumer satisfaction with apparel products is influenced by physical as well as the psychological qualities of the product (Swan and Combs in Chen-Yu, Williams, and Kincade 1999). Assessing the apparel item is therefore not only limited to the functional aspects, but also includes the aesthetics. Interaction between the apparel item and the body can further complicate the purchasing decision for the consumer. Apparel products do not only illicit sensory reactions from consumers, but also emotional and cognitive reactions, which usually result from the formal qualities of the item.

Female consumers are, however, not consistent in their use of specific intrinsic indicators as indicative of the quality of apparel products. Only textile fabrics had consistently been used as an indicator of quality. Quality is in many cases deduced from specific extrinsic indicators, such as the brand name or the particular store where the purchase was made (Herbst and Burger 2002). From an apparel-marketing angle, quality of apparel has two dimensions, namely the physical dimension that embraces what the item of clothing is, and a performance dimension, indicating what the item of clothing can do. Since the physical properties influence the performance characteristics, consumers select apparel products because of the physical properties that they believe will then bring about the desired performance.

The evaluation of apparel traditionally takes place at the point of purchase, namely in the retail store. In the case of online apparel purchasing, the consumer is unable to physically evaluate the garment or assess how it fits. It can be assumed that online apparel decision-making will therefore only become more complicated (Park and Stoel 2002; Shim, Eastlick, and Lotz 2000). The relatively newness of the Internet as a shopping medium for apparel, especially in developing countries, requires consumers to make a paradigm shift from a well-known, familiar and traditional apparel shopping medium (bricks-and-mortar stores) to a new, unfamiliar medium (virtual stores) on the Internet. In the light of the lack of knowledge regarding the apparel consumer's online decision-making processes, the aim of this research was to explore, describe and understand the role that the evaluation of apparel plays in the professional female consumer's adoption of the Internet for apparel purchasing.

A social-cognitive perspective was chosen as an umbrella approach for this study. It emphasises social cognition that focuses on explaining the central cognitive processes of individuals, such as the development of event schemata or scripts. As far as the online apparel consumer is concerned, it might mean that specific scripts (developed from previous experiences) may raise certain perceptions in the mind of the consumer, causing her to consider which steps have to be followed in the evaluation and purchasing procedure. This could create certain expectations in the consumer about future purchases. If these

expectations about the actions and procedures are not fulfilled, the consumer might not be satisfied with the new procedure of purchasing as well as with the product. Script theory is therefore important for the evaluation of, in particular, new information or situations. Consumers' scripts contain complex sequences of behaviour, actions and typical procedures. Consumers could therefore have a set picture (script) in mind as to how apparel should be evaluated and purchased. In terms of this study this stage may present a major problem on the Internet, because the consumer is not able to physically evaluate and assess the apparel item. Two questions therefore served as sub-aims for the study, namely: What is the role of online evaluation of the dimensions of apparel products in consumers' decision-making processes, and secondly, what other factors play a role during the online evaluation of apparel products?

METHODOLOGY

Sampling

The units of analysis were professional women between the ages of 25 and 35 years of age who lived in a major city in South Africa. They had to practice full-time careers and had to have at least three years tertiary education. Professional women's apparel purchasing differs from that of non-working women. Furthermore, innovators are characterised by their high levels of academic training and trained people are more apt to accept or try innovations (Ha and Stoel 2004).

Purposive sampling was thus selected for the study. For ideographic, contextual research, conducted in South Africa, a smaller sampling framework of between five and 25 participants is recommended in order to conduct an in-depth inquiry. Eight respondents were selected for the study. Informants were used to gain access to suitable participants. A prerequisite was that the researcher and participants did not know each other. That reduced researcher effects such as prejudice and subjectivity. One way of increasing the trustworthiness of a study is by stopping the collection of data the moment the data reaches theoretical saturation. With that in mind, data-collection was in the end repeated three times with each participant, with a total of 24 interviews.

Data Collection and Analysis

The primary aim of the research was exploratory-descriptive. A qualitative research style was therefore adopted. Unstructured individual interviews according to a schedule were used during the first and second interviews. A semi-structured interview with pre-formulated questions according to the sub-aims of the study was held during the third interview. All interviews took place at the Department of Consumer Science at the University of Pretoria and lasted approximately 40 minutes each. A stimulus technique was used during the second interview. It entailed the participants visiting between three and five apparel web sites.

The content-analysis process suggested by Miles and Huberman (1994) was followed in the study. Verbatim transcriptions of the data were coded in three phases. The first step was to organise the verbatim rendering of the interviews into computer files. Although open coding and axial coding are two distinct analytical procedures, they were used alternatively during analysis. Aspects correlating in the different interviews were identified. The categories corresponded internally, although they differed from case to case. Selective coding entailed determining the storyline. Themes were identified and systematically brought in relation with categories and sub-categories. The aim of this step was thus to identify major themes expressed under each of the categories. Subject specialists who had the required insight, but were not included in the context of the research, performed specialist validation.

RESULTS

The Role of Online Evaluation of the Dimensions of Apparel Products in Consumers' Decision-making Processes

Professional women used the specific dimensions of apparel in their evaluation of apparel. These aspects are probably also incorporated in the scripts of consumers and could play a role in the acceptance of the Internet for apparel purchases. They first of all evaluated the textile of the apparel item to determine to what extent it would crease. This process could impede the evaluation of textiles on the Internet. *"Yes, the first thing that I do is to feel the material. I scrunch it because I hate creases, I hate clothes that are crumpled."* (a)

For the participants it was secondly important to evaluate the construction of the apparel product. When evaluating the construction, the apparel product gets turned inside out and is inspected all-over. As in the case of evaluating the textile, this

process can impede the evaluation of an apparel item on the Internet. "... but I look especially how it is made, specifically the buttonholes. I also turn the garment inside out." (f)

The performance dimensions pertain to the degree the items satisfy the needs of the consumer. More specifically this concerns the aesthetic and functional aspects of the garment. "... and then the colour. The colour is important." (e)
"Colour is very important for me because I'm somebody who loves colour." (h)

Touching or feeling the texture of the textile seems to be a very important formal quality of the apparel item. "...the feeling of the material as well. When you have two items next to each other, you can feel which one is more durable." (b)

Functional aspects refer to the fit, comfort, care, durability and end-use of the apparel product. Usability of the item seems to be important to the participants and it concerns the mix-and-match possibilities and its effectiveness for multi-purpose application. "I look at it from the angle for what I am going to use it for? If it is more formal, I'll use it for work. I tend to mix-and-match quite a lot." (d)

The fit of the apparel product was another very important aspect. The participants evaluated the fit of an item by trying it on in the fitting room or at home. Fitting a garment on the body and evaluating its appropriateness for the specific figure is probably one of the major obstacles when making an apparel purchasing decision over the Internet. "Obviously it has to fit right. If it doesn't fit there is no point in buying it." (b) "You must also feel comfortable with the fit." (c)

Comfort was another important characteristic for the participants. According to the participants, comfort includes aspects such as that the garment should not be too tight, skirts should not be too short and that they should feel relaxed in their clothes. Evaluating the comfort usually occurred during the trying-on stage and this required that the person be able to try on the item physically. "Something that you can forget when you've put it on and it has to be the right size. I have to feel comfortable in it and be able to do the daily tasks without feeling uncomfortable or self-conscious in the clothes." (a)

Because the participants could only visually evaluate apparel on the Internet, it might mean that they experienced the process as negative. Visual representation of apparel could be misleading and could lead to dissatisfaction when the ordered item did not fulfil their expectations. "For me the fear would be in...an item looks fantastic in a picture or on the shelf and then you try it on and it simply looks awful on you." (b)

Other Factors Influencing the Online Consumer's Evaluation of Apparel Products

The store layout played an important role in participants' evaluation of online apparel products. Participants expected the image of an e-store to resemble that of the brick-and-mortar store. "It doesn't look at all like a store. It is a bit wider than in a shop. The shop always looks more formal. It is very different." (b)

Participants expected that the variety of apparel products, available via the Internet, would be the same as in the traditional store. Most participants would like to have seen a larger variety of clothing products on the Internet. "Why do they have so few clothes to show us? I would've liked lots more formal clothes, but now there is only a T-shirt." (d)

They prefer, the presentation of items to be realistic and clear. In other words, they want to see the apparel either on a store mannequin or on a real person. "Don't they have pictures of the clothes?" (a) "It doesn't look nice if the clothes just lie like that. It looks nicer where the models has it on." (b)

Participants expected specific information to be available. The kind of information that they would like to have was the same that they usually got from the labels, such as the composition of the textile, the price of the item and care instructions. "In this picture there is basically the price, the sizes of the clothing they have in stock and the type of material. The information is sufficient, even for me who knows nothing." (g)

Participants expected apparel products to be categorised in the same way on the web pages as in the stores. This would seem to make their shopping procedure easier. "This T...s' web site isn't very good. The one of W...s looks much better. It is more structured and you can look under every category to see what they have." (c)

CONCLUSIONS AND MANAGERIAL IMPLICATIONS

It can be concluded that the ability to evaluate the various intrinsic dimensions of apparel products, influences the consumer's final decision to purchase apparel products online. Furthermore, that other factors, extrinsic to the apparel product but intrinsic to the specific web store, influence the consumer's decision-making process and in the end also the final decision to purchase or not to purchase.

Professional women use the various dimensions of apparel to evaluate and assess the suitability thereof. Clothing consumers evaluate the physical properties of apparel products by handling and touching the items. It was important for the participants in this study to evaluate the textile, construction, design and finish of the items. Because they could not physically handle the items, the evaluation of the textiles, construction and finishes posed a problem for the participants contemplating apparel purchases over the Internet. Furthermore, they felt they were not able to determine the quality of a product because they could not evaluate the effectiveness of construction, whether good quality textile was used and whether the item was finished-off neatly. The evaluation of performance properties mainly pertained to the evaluation of the items on the participants' bodies. The evaluation of the aesthetic aspects of apparel products was mainly done by visual presentation of the items online. Participants were able to evaluate aesthetic aspects on the Internet such as the colour and line, and whether it complied with their requirements of beauty. The only aesthetic aspect the participants were not able to evaluate was the hand of the textile, which was quite important to a number of participants. The evaluation of the functional aspects, however, presented major problems to the participants in terms of purchasing apparel online. The participants were concerned that they would not be able to try-on the items over the Internet. This was perceived as being a primary risk factor. Participants were able to evaluate the usability of the item (versatility, matching, appropriateness and utility) and instructions of care (if given) but they were not able to evaluate fit, comfort or durability. Their inability to evaluate fit and comfort was a very important consideration for the participants in deciding to adopt the Internet for online apparel purchasing. It confirms the research of Gehrt and Yan (2004) and Vijajasarathy (2002) who determined that a product's tangibility had a significant influence on consumers' intentions to buy over the Internet.

In addition to the above, consumers expect the image of a virtual store to resemble that of the brick-and-mortar store. They also expect the same variety of apparel items. Items and lines should be categorised in the same way on web pages as in the traditional store. They prefer presentations to be realistic and expected the same information that they can get in the traditional store. This confirms the research done by Khakimdjanoval and Park (2005), Nitse, Parker, Krumwiede, and Ottaway (2004), and Park and Stoel (2002) who determined that online shopping is still avoided due to the inherent nature of the absence of sensory experience and physical inspection (fitting and touching), inaccuracy of apparel features, especially colour, and lack of information about physical properties and performance characteristics. If marketers and e-tailers know how consumers organise their product knowledge, they would be able to direct their marketing strategies accordingly. Apparel is a high involvement product category and it is therefore important for consumers to evaluate it intensively.

The above conclusions have major consequences for the visual display and information online and is a challenge for the development of online visual merchandising techniques. The presentation of apparel items should be clear and of good quality in order for consumers to evaluate the quality of the items. The visual display of apparel items should be done in such a manner that consumers could evaluate functional properties such as fit and comfort. According to Kerfoot, Davies, and Ward (2003) visual merchandising within the retail, and in this case the e-tail store, has an important effect on the consumer's psychological and behavioural outcomes. Manner of presentation, such as folding, hanging or using mannequins influences the consumer's response and intention to purchase. Furthermore, display layout, such as categorising items and lines in the same manner as in the traditional store, could affect the consumer's propensity to browse.

Apparel e-tailers should realize that consumers' reluctance to utilize the Internet for apparel purchasing could stem from their established apparel purchasing scripts. This has implications for apparel marketing strategies on the Internet. Consumers may not be highly conscious of their purchasing patterns, such as purchasing apparel, because those patterns are well established over time in their long-term memories, and may be resistant to change. Khakimdjanoval and Park (2005) underline the importance that display structure and layout play in consumer information processing. They determined that attraction and playfulness of the website is one of the ways to capture the e-shopper's interest and attraction within a new purchasing environment. They suggest that shoppers might enjoy visuals such as virtual models and self-coordination activity systems that involve mixing and matching clothing items.

Altering consumers' existing scripts or teaching consumers appropriate new scripts for acquiring items in a new manner (for example over the Internet), is however, one of the difficulties new forms of retailing are facing. Understanding script theory

could thus provide e-tailers with important guidelines on how to go about altering or adapting consumers' behaviour in terms of purchasing apparel via the Internet. To understand how best to change scripts, e-tailers and marketers need to understand how consumers go about constructing them. They need to be working from the same scripts their consumers are using. In order for apparel e-tailers to be successful on the Internet they should have a better understanding in terms of how consumers perceive the Internet as a shopping medium, specifically for apparel. Although the aim of the study was not to present generalised conclusions about professional women's adoption of the Internet for online apparel purchasing, but rather to understand and describe the phenomenon, the researchers are of the opinion that the conclusions will assist traditional clothing retailers to gain insight into the decision-making and buying behaviour of their target markets, and may assist with strategies to introduce the Internet as medium for apparel purchasing.

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ADAPTING A COMPREHENSIVE PHYSICAL STORE ENVIRONMENT AND PATRONAGE MODEL TO EXAMINE ONLINE STORE ENVIRONMENT AND PATRONAGE INTENTIONS

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ABSTRACT

Consumers' purchase process has changed with the introduction of the Internet as an alternative channel for shopping. Consumers now use retail websites to search for product information and/or make a purchase either from the website or another retail channel. The website interface represents the stimulus that influences consumers' decision making. Accordingly, it is important to understand the website environment and the important cues that influence consumers' choice of one website over another. The impact of traditional store environment on consumers' evaluations of the store and ultimately their patronage intentions has been extensively examined. Studies of traditional stores have drawn important linkages among store environment cues, store choice criteria and patronage intentions on a piecemeal basis, but the Baker et al. (2002) study was the first to empirically examine a comprehensive store patronage model. We used Baker's et al. (2002) model as a guide to examine the impact of website environmental cues on choice criteria and patronage intentions modifying the model to fit the online retailing context. It was important to use a well founded comprehensive model of traditional retailing, because online retailing is still a relatively new channel of distribution and there are few theoretical models to guide research on online retailing. The purpose of this research was to examine the impact of website environmental cues (search/navigation, purchase/checkout and aesthetics) on consumers' choice criteria (customer service quality, merchandise quality, monetary price, time/effort cost and psychic cost perceptions) and patronage intentions with merchandise value perceptions as a mediating factor. A conceptual framework was developed based on Baker's et al. (2002) model and a quantitative research method was used to test the proposed conceptual model. Three stimulus websites were selected to represent slightly different website design quality levels. We used scale items from Baker et al. (2002) and other studies to develop the survey instrument. Seven-point Likert-type scale items were used to measure each construct included in the model. A web survey was developed with hot links to the stimulus websites. The survey instrument was pre-tested with 176 students recruited from a major southeastern university. Study participants were selected using a national panel representing typical US online shoppers. Two hundred sixty nine online shoppers participated in this study. The sample was comprised of 53% women. With respect to age distribution, 26% between the age of (19-29), 30% (30-39) and 44% were 40 years of age or more. Respondents' household annual income distribution was 18% at \$25,000 or less, 26% between \$26,000 and \$45,000, 22% between \$46,000 and \$65,000 and 34% were at \$66,000 or more. The hypothesized relationships in the model were tested using maximum likelihood estimations. Testing the proposed model indicated a good fit for the online retailing context, as nineteen of twenty five research hypotheses were supported. Search/navigation perceptions had significant paths with all choice criteria constructs, suggesting that consumers are influenced by choice criteria when searching for a product to purchase. Purchase/Checkout perceptions impacted monetary price perceptions, time/effort cost perceptions and psychic cost perceptions. Insignificant paths between purchase/checkout and (1) customer service quality and (2) merchandise quality perceptions may be a result of the fact that participants were not performing an actual purchase but only completing part of the process for a simulated purchase. Aesthetics (visual appearance of the website) had significant paths with customer service quality perceptions, merchandise quality perceptions, and psychic cost perceptions, suggesting that consumers perceive the aesthetically appealing website to provide good customer service, good merchandise quality and a more pleasurable experience, but did not necessarily relate aesthetics to acceptable prices or less time/effort cost. Choice Criteria Perceptions influenced merchandise value perceptions providing evidence that the choice criteria model fits the online retailing context. Patronage intentions were directly influenced by monetary price perceptions, time/effort cost perceptions, and psychic cost perceptions. The significant path between merchandise value perceptions and patronage intentions shows that patronage intentions were directly influenced by merchandise value perceptions and indirectly by choice criteria through merchandise value. So, even though there was no significant direct path from merchandise quality perceptions to patronage intentions, merchandise quality nevertheless influenced patronage intentions through merchandise value. Online stores, though growing more rapidly than traditional stores, still render a relatively small portion of sales and profits for multi-channel retailers (Eroglu et al. 2003). This research provides in-depth information about the specific design features of online stores that influence online shoppers' behavior towards the site and insights about the impact of environmental cues on consumers' perceptions of customer service quality, merchandise quality, monetary price acceptability, time/effort cost and psychic cost incurred when interacting with the website.

References available upon request

RURAL COLLEGE STUDENTS' OUTSHOPPING FOR APPAREL PRODUCTS

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ABSTRACT

This research explored college students' outshopping for apparel products. Results showed that only few of the respondents shopped locally for apparel products. A majority of them shopped in nearby larger cities or hometowns. A significant relationship was found between students' attitudes toward local shopping and their shopping behaviors.

INTRODUCTION

Outshopping, which is defined as the consumer shopping outside of his or her local communities for goods or services (LaForge, Reese and Stanton, 1984), is a common activity in rural communities. One of the main reasons for consumers to shop outside of the home town is the limited assortment of goods and services provided by retail outlets in rural areas (Lumpkin et al., 1986). Better traveling conditions along with attractive regional shopping centers also entice consumers to travel beyond their local market and spend their dollars outside their community (Miller & Kean, 1997). Recent years, the emergence of other shopping alternatives, such as shopping via catalogue, TV or the Internet, has worsened the situation for retailers in rural communities even more than ever before.

While there have been various studies on outshopping behavior, there are few specific studies on the outshopping behavior of college students who are enrolled in universities located in rural college towns. College students bring \$200 billion a year in buying power to the U.S. market, with the average college student's available discretionary spending totaling \$287 each month (Gardyn, 2002). This spending power is relatively huge in a small college town, whose economy is affected greatly by the existence of a university. Because of their power in the marketplace, it is important for retailers, especially local retailers, and consumer behavior educators to better understand this population's outshopping behavior.

Instead of studying college students' outshopping behavior related to general merchandise, this study focused on apparel products, which are defined as including clothing and accessories. Early work by Wayland, Simpson, and Kemmerer (2000) suggested that college students' outshopping behaviors were product specific. Apparel products were among the categories that college students outshopped severely.

The purposes of this study are to determine:

- the extent of college students outshopping for apparel products;
- the shopping alternatives that college students used to outshop for apparel products;
- if there is any relationship between college students attitude toward local shopping and their outshopping behavior; and
- if there is any relationship between college students shopping orientation, specifically shopping enjoyment, and their outshopping behavior.

LITERATURE REVIEW

While there were few studies on college students outshopping behavior, the topic of outshopping of rural consumers has been studied by various studies in the past. The main focuses of past studies on outshopping were to identify: Who was the outshopper? Why does she/he outshop? What does she/he purchase outside the local community? As to the demographic profile of the frequent outshoppers, there were different findings. Some research (Thompson, 1971; Reynolds and Darden, 1972; Papadopoulos, 1980; and Lumpkin, Hawes and Darden., 1986) suggested that income was positively related to outshopping, while research conducted by Samli, Riecken and Yavas (1983) indicated that outshopper had lower incomes. Other demographics were found also related to outshopping. Anderson and Kaminsky (1985) found that outshoppers generally attended college. Lumpkin, Hawes, and Darden (1986) also suggested that outshoppers were more likely to be single, to have education and have higher incomes.

Thompson (1971) reported that outshoppers purchased outside of their local areas because of limited local product selection, higher local prices, old or poor quality merchandise sold by local stores, and interest in what was available elsewhere. LaForge, Reese, and Stanton (1984) concluded that sales assistance, merchandise quality and selection influenced decisions about where to shop. Hozier and Stem (1985) found that store patronage variables, such as price and product selection, bore

a strong relationship with outshopping behavior. Several other studies (Reynolds and Darden, 1972; Papadopoulos, 1980; and Miller and Kean, 1997) suggested that frequent outshoppers appeared to have an unfavorable attitude toward local shopping conditions. Specific aspects inherent in this attitude included selection, quality, price, convenient hours, décor or appearance, and sales personnel.

Lumpkin, Hawes, and Darden (1986) stated people shop for a variety of reasons, among them enjoyment and socializing. Their study indicated that there was significant relationship between shopping orientation including shopping enjoyment and outshopping. Besides shopping in stores outside local community, outshopping can take in the format of in-home shopping via catalog, TV or the Internet. Reynold and Darden (1972) found that frequent outshoppers also shop more often by mail.

METHODOLOGY

Because of the lack of literature on the selected population-college students, hypotheses were not formed. Instead, an exploratory study was conducted to examine college students' outshopping behavior. A convenience sample (n=109) of students were surveyed at a Midwest university. All the sample members were enrolled in a Child and Family Studies class. The following measures were designed to collect the data:

- Demographics. Student's rank at university, gender, car access, work status and disposable money were determined. Students were also asked how often they went home while they were attending school and if their parents paid for their apparel purchase while they were shopping at home. Forced-choice questions were used.
- Usage of different alternatives in shopping for apparel products. Students were asked to indicate how often they used the following shopping alternatives to satisfy their clothing needs: stores in local area of the university, stores in nearby larger cities, stores in hometown, catalog, or the Internet. The usage of different shopping alternatives was measured at five different levels of frequencies: never, rarely, sometimes, often, or very often.
- Attitudes toward local shopping. Students were asked to indicate their attitudes toward shopping in local stores. This attitude was based on the students' evaluation of the following attributes of local stores: number of stores offering clothing items, variety of merchandise, fashionability of styles, price of the merchandise, shopping environment, and the general ability to satisfy consumers clothing shopping needs.
- Shopping enjoyment. Gutman and Mills (1982) scale was used to measure the respondents' shopping enjoyment. There are 5 items for this scale.

Each returned questionnaire was coded and entered into SPSS. The coded data were cross-checked and corrected. Descriptive analyses were used to determine respondents' profile, usage of different alternatives in shopping for apparel products, and attitudes toward local shopping. Reliability analyses were conducted to test the internal consistency of those multi-item scales, such as the attitude toward local shopping and the shopping enjoyment. Multiple ANOVA analyses were conducted to determine if there are any differences among students who used different shopping alternatives for apparel products in their attitudes toward local shopping and in their shopping enjoyment.

RESULTS AND DISCUSSIONS

Sample Profile

Among all 109 respondents, only one student was freshman. Around 50% of the respondents were seniors and the other 50% were sophomores and juniors. The majority (88%) of the respondents were females. The respondents were split in their work statuses while attending school, with 44% employed and the remaining 56% not. About 74% respondents had car access while attending school. Majority of the respondents had disposable money less than \$300 a month. About 55% respondents said that their parents would pay for their apparel if they went home to shop. The majority of the respondents (96%) were from cities away from the location of the university.

Attitudes toward Local Shopping for Apparel Products

The respondents were asked to indicate their attitudes toward local shopping for apparel products by evaluating the following different attributes of local shopping: number of stores offering apparel products, variety of apparel products, style, price, entertaining shopping environment, and general ability to meet consumers' clothing shopping needs. Frequency analyses results showed that majority (about 90%) of the respondents agreed that there were not many local stores offering clothing items, the variety of clothing items offered was very limited, the styles were not fashionable and the price was very expensive. Around 85% of the respondents agreed that local stores just did not meet their clothing shopping needs. About 67% of the respondents agreed that shopping for clothing in local stores was not fun. In general, the respondents held a

negative attitude toward shopping in local stores for apparel products. Reliability analysis produced a Cronbach's Alpha of 0.798, indicating high intra-correlations among the six items used to measure students' attitudes toward local shopping.

Local Shopping Vs. Outshopping for Apparel Products

Respondents were asked to indicate their frequency of using different shopping alternatives for apparel purchase. The following levels of frequencies were provided for the respondents to select: never, rarely, sometimes, often, or very often. Multiple frequency analyses results were presented in [Table 1](#).

The results showed that none of the respondents shopped very often in local stores for their clothing needs and only about 5% shopped often in local stores. Majority (64%) either never or rarely shopped locally for apparel products, leaving about 31% of the respondents shopping in local stores sometimes. Therefore, the respondents, in general, shopped heavily outside of the college town for apparel products.

Only about 7% of the respondents used catalog for apparel products on either an often or a very often basis. About one third of the respondents used catalog sometimes for apparel products. The remaining of the respondents was split almost equally between those who never used and those who rarely used catalog for apparel products. Therefore, the respondents, in general, were not profiled as catalog shoppers for apparel products.

Around 24% of the respondents shopped online for apparel products on either an often or a very often basis. Around 36% used the Internet sometimes for apparel shopping. Only about 40% of the respondents either never or rarely used the Internet for apparel products. Therefore, though the respondents, in general, also should not be profiled as online shoppers for apparel products, the usage of the Internet for apparel products was heavier compared to catalog usage.

Besides catalog and the Internet, stores in nearby larger cities and students' hometowns also served as options for college students' apparel shopping. About 60% to 70% of the respondents shopped at least on an often basis in stores in nearby larger cities or their hometowns. Around 20% of the respondents shopped in stores in their hometowns or nearby larger cities sometimes. Only very few (about 15%) either never or rarely shopped in stores in their hometowns or nearby larger cities.

College Students' Attitudes toward Local Shopping for Apparel Products and their Outshopping Behavior

Multiple ANOVA tests were conducted to determine if there are any differences among students who employed different shopping alternatives for apparel products in their attitudes toward shopping locally for apparel products. Results ([Table 2](#)) showed that there was no significant difference in the attitudes toward local shopping among students who had different usage of local stores for their apparel needs. It was expected that the more negative the attitude, the less the usage of local stores. However, this relationship was not supported by the ANOVA result. Therefore, it is reasonable to project that there should be more reasons other than the negative attitude that pulled students away from local shopping. Frequency analyses results showed that all the respondents went home at least once a quarter, with about 24% of the respondents going either weekly or biweekly. Around 55% of the respondents stated that their parents would pay for their apparel products if they purchased them when they were home. This support from parents will pull some students away from local stores for their apparel purchase. Another possible reason for the insignificant difference in the attitudes is that students shopped locally not because they had a favorable attitude toward shopping locally, but no other choices are available for them to get certain merchandise when they needed.

Significant differences in attitudes toward local shopping were found among students who had different usage of nearby larger cities to satisfy their clothing needs. Respondents who had more negative attitudes toward shopping for apparel products in local stores shopped stores in nearby larger cities more often. No significant relationships were found between college students' attitudes toward local shopping and their usage of catalog and the Internet for apparel shopping. If there were relationship, a negative one would be expected. That is, it would be expected that the more negative attitude, the heavier the usage of these two alternatives for apparel shopping. The frequency analyses results also did not support this relationship. Majority of the respondents held negative attitudes toward local shopping for apparel products, however, very few of them used either catalog or the Internet for apparel shopping.

No significant difference in attitude toward local shopping for apparel products was found among students who had different usage of hometown for apparel purchase. Though more than half of the respondents got financial support from their parents while shopping at home for apparel products, majority of them went home only quarterly. Therefore, though majority of the

students held negative attitudes toward shopping locally for apparel products, it is reasonable to project that they will not go home to shop when they have a need for apparel shopping.

Shopping Enjoyment and College Students Outshopping Behavior

The reliability analysis produced a Cronbach's Alphas of 0.742, which indicated a high internal-correlation among the 5 items used to measure the shopping enjoyment. Multiple ANOVA tests were conducted to determine if there is any difference among students who used different shopping alternatives for apparel purchase in their perception of shopping enjoyment. Though it was expected that the more the students' perception of shopping enjoyment, the greater the possibility that the students would shop outside of the college town. However, the results did not support this expectation.

CONCLUSIONS

Only very few respondents shopped in local stores for apparel products. Majority of them went to nearby larger cities or home town to shop for apparel products. Though Wayland, Simpson and Kemmerer's research (2000) suggested that a majority of students outshopped through the Internet and/or catalog while at school, this current study found that catalog and the Internet were not heavily used by the respondents for their apparel needs.

In general, the respondents held negative attitudes toward shopping in local stores for apparel products. The attitude was measured based on the respondents' evaluation of different attributes of local stores offering apparel products. Though no significant differences were found in attitudes between students who shopped in local stores frequently and those who did not, it is not safe to say that attitudes did not have any influence on students' usage of local stores for apparel purchase. The reason for this insignificant difference can be partly explained by the great homogeneity among students in their negative attitude and in their non-usage of local stores for apparel purchase. Significant differences were found in attitudes among students who had different usage of nearby larger cities for apparel purchase. Those who shopped in larger cities more frequently held more negative attitudes toward local shopping. No other significant differences were found among students who used different shopping alternatives in their attitude toward local shopping. According to these results, if a student has a need to shop for apparel products and is not satisfied with local shopping, very possibly he/she will go to the nearby larger cities to satisfy this need. Catalog shopping and online shopping were not heavily used by college students for their apparel needs. Hometown shopping will be used by students as a by-activity when they visit home instead of as a purpose. No significant relationships were found between college students shopping enjoyment and their outshopping behavior.

Outshopping is a no surprise for retailers in small rural towns. However, it will be important for local retailers to understand the shopping alternatives available to their customers and how they used different alternatives. Of the same importance is for the retailers to understand their customers' attitudes toward them. Because of the time involved in getting the merchandise somewhere else other than local stores, there are situations that students have to buy merchandise locally. Instead of passively taking advantages of these situations, such as charging a high price, retailers need to take it more proactively and long-term oriented. Future research on merchandise that student may buy locally will be beneficial to local retailers.

This research is exploratory in its nature and has several limitations. First, it used a small convenience sample from one single rural university. The results from this study may not be generalized. A larger random sample across several rural universities would be suggested for future research. Second, as suggested by Wayland, Simpson, and Kemmerer (2000), a more valid measurement of the attitude toward local shopping would need to be established.

Table 1

Rural College Students' Usage of Different Shopping Alternatives for Apparel Products

	Never	Rarely	Sometimes	Often	Very Often
Local stores	12%	51.9%	31.5%	4.6%	0%
Catalog	29.6%	32.4%	30.6%	6.5%	0.9%
The Internet	13.9%	25.9%	36.1%	13.9%	10.2%
Nearby larger cities	2.8%	13.1%	23.4%	38.3%	22.4%
Hometown	6.5%	6.5%	15.7%	36.1%	35.2%

Table 2

Relationship between Attitudes toward Local Shopping for Apparel Products and Outshopping Behavior (Multiple ANOVA tests results)

		Sum of Squares	DF	Mean Square	F	Sig.
Local stores	Between Group	35.598	2	17.799	2.169	.119
	Within Group	861.476	105	8.205		
	Total	897.074	107			
Catalog	Between Group	2.484	2	1.242	0.146	.865
	Within Group	894.590	105	8.520		
	Total	897.074	107			
The Internet	Between Group	25.184	2	12.592	1.516	.224
	Within Group	871.890	105	8.304		
	Total	897.074	107			
Nearby larger cities	Between Group	87.021	2	43.510	5.612	.005**
	Within Group	806.381	104	7.754		
	Total	893.402	106			
Hometown	Between Group	24.790	2	12.395	1.492	.230
	Within Group	872.284	105	8.307		
	Total	897.074	107			

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THE LEGAL PARAMETERS OF DECEPTION IN ADVERTISING: A CONTENT ANALYSIS

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ABSTRACT

The legal parameters of 329 administrative decisions reported in the 1990-1999 *Federal Trade Commission Decisions* were content analyzed. This analysis revealed that: (1) when faced with FTC litigation, most advertisers enter into consent agreements; (2) implied claims vary by industry and the type of internal evidence presented by the FTC; and (3) the severity of FTC orders varies by industry and the presence of multiple implied claims. Based upon the findings, an updated typology of implied advertising claims is offered. Lastly, limitations and suggestions for future research are presented.

INTRODUCTION

Misleading, deceptive, and/or false advertising claims contaminate the market with imperfect information and lead reasonable, but misinformed, consumers to make less than optimal purchase decisions. Market forces can correct for consumer dissatisfaction, provided that an ordinary consumer can evaluate product performance. However, assessing nonprescription drugs, medical devices, and fire safety products is difficult for the ordinary consumer. For these product categories, government regulation of deception in advertising enhances market performance by protecting the accurate flow of information in the marketplace and increasing the consumer's ability to make informed purchase decisions (Azcuena 1995).

The purpose of this study is to gain insight into the regulatory predictability of deception in advertising by conducting a content analysis of FTC legal parameters, including the FTC's methodology for interpreting implied advertising claims. A primary goal of this study is to gain a clearer understanding of how to identify and interpret deception in advertising. This study seeks answers to four research questions: (1) what methodologies does the FTC employ when interpreting implied advertising claims; (2) is there a relationship between the type of implied claim and the FTC order rendered; (3) is there a relationship between the type of advertising media and the FTC order cited; and (4) is there a relationship between industry type and FTC order rendered?

CONCLUSIONS

A major finding regarding evidence of deception is the overwhelming presence of consent orders in which advertisers agree to the FTC's findings and orders without offering a defense. That is, 320 (97%) of the 329 decisions rendered involved consent orders, while only 9 (3%) of the decisions contained defense arguments by the advertiser contesting the FTC's allegations. The FTC's reliance on deception *per se* in 271 (82%) of the 329 decisions rendered demonstrates the Commission's authority through the use of its own expertise and intuitive analysis. Five of the ten claims developed by Preston (1977) now account for less than 5% of the FTC decisions. Most frequently cited implied claims are: reasonable basis (76.6%), no qualification (36.5%), third party (31.9%), expansion (23.1%), superiority (14.9%), and social concern (10.3%). A new implied claim, *superiority*, refers to techniques that suggest higher performance or product attributes, was identified. Based upon these findings an updated typology was compiled for managers and researchers. The data also suggest that the FTC devotes considerable time analyzing advertisements from the nonprescription healthcare and consumer safety categories. Executive and managers of firms in these industries must be aware of the increased potential to deceive consumers and that FTC scrutiny and the issuance of "severe" orders in response to deception cases is higher for their industry. Finally, nearly two-thirds of the multiple implication cases resulted in complex or "severe" FTC orders. This was most significant for non-print advertisements where multiple orders were routine.

References available upon request

TOWARD AN UNDERSTANDING OF CONSUMERS' PERCEPTIONS OF WIRELESS ADVERTISING

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ABSTRACT

Companies such as Pepsico, Nike, and Sun Microsystems are joining a growing group of marketers who find wireless advertising messaging an exciting addition to m-commerce (Charny 2001). Wireless Advertising Messages (WAM) consist of both text and graphic based commercial messages that are sent to consumers' cellular telephones, pagers, and personal data assistants via marketers' computers (Petty 2003). In Japan and Europe WAM is quickly gaining acceptance among consumers. Within the United States, WAM has yet to become popular and marketers are beginning to experiment with this form of advertising. Most of the exploratory studies to date suggest that the ubiquitous nature of cell phones makes them an ideal advertising vehicle for reaching adolescents and young adults.

While the popular press touts the benefits of WAM, few academic studies have addressed this advertising innovation. Our research is grounded in the m-commerce literature. The theoretical foundation follows from media uses and gratifications theory, especially that of Lull (1980). Like television, the focus of Lull's research, WAM use appears motivated by structure, socialization, and content needs. Data collection followed the general approach of psychological phenomenological interviewing (Cresswell 1998; Moustakas 1994; Thomson, Locander, and Pollio 1989). Twenty college students ranging in age from 17-23 years old who owned cell phones volunteered for the study. Each informant participated in a sixty-minute, unstructured, depth interview. The data were transcribed and analyzed according the protocol for phenomenology suggested by Moustakas (1994).

Findings indicate that informants are generally positive about the medium and perceived WAM as a tool for keeping them "in the know" regardless of where they were at any given time. Personalized messages specifically tailored to informant needs could help build relationships between consumers and companies/stores. Informants suggested that personalized WAM messages would make them feel "special" and part of an "in group." However, few indicated that they were willing to pay for WAM, believing that this cost should be born by the advertiser. Furthermore, even if the service was free, most informants would discontinue usage if companies sent unsolicited messages. Managerial implications are discussed.

References available upon request

**DO EMOTIONAL INTERNET ADVERTISEMENTS EVOKE SIMILAR PSYCHOLOGICAL REACTIONS THAN
EMOTIONAL PRINT ADVERTISEMENTS?
RESULTS OF AN EXPERIMENT TESTING THE INFLUENCE OF THE ADVERTISING MEDIUM ON THE
CONSUMER**

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ABSTRACT

This article directly compares the effects of emotional print advertisements and emotional Internet advertisements on consumers. In particular it analyses whether Internet advertising is able to convey emotions to the same degree as print ads. The study was carried out for two different perfume brands in Germany and France. The study shows that there are hardly any differences between the Internet ad and the print ad with regard to the variables used in the study. Therefore it can be assumed that Internet ads trigger reactions similar to print ads and that the Internet is a suitable medium for conveying emotions through advertising.

INTRODUCTION

Many advertising campaigns focus on emotional strategies, a focus that corresponds to an important trend in consumer behavior (Johnson and Stewart 2004). Whereas print and TV ads often use an emotional appeal, Internet ads and websites for the same brands are more often information-based and trigger fewer emotions. Consequently, companies fail to reap the benefits of an integrated communication. Integrating communication means to use the same contents, emotions, pictures and slogans in all implements of the campaign's communication mix.

This study directly compares print advertising and Internet advertising, with regard to the variables *activation, emotional and cognitive responses to the ad, attitude toward the product and purchase intentions*. In particular it analyses whether Internet advertising is able to convey emotions to the same degree as print ads. The analyses were carried out for two different perfume brands and in two countries (Germany and France). Germany and France were chosen because they are countries that differ on some cultural dimensions that can be related to emotional advertising. As a company's website is the most common form of Internet advertising (Meffert 2000), it will be analyzed in this study.

THEORY

There exists little research that directly compares the effects of Internet with print advertising. Gallagher, Foster and Parsons (2001) compared the advertising effectiveness and the content evaluation of print and Internet ads. They found no differences between exactly the same ads presented in a journal and on the Web. However, Gallagher, Foster and Parsons (2001) did not take into account internet-specific particularities such as interactivity. Sundar et al. (1998) report that subjects exposed to a print newspaper front-page with stories and one advertisement remember significantly more ad material than subjects exposed to the online version of the same content. However, only 24 subjects for each media were questioned. Yoon and Kim (2001) examined which medium is important for purchase decisions for four product categories. They found that the Internet affected the purchase decisions for automobiles and luxury watches for highly involved consumers to a higher degree than traditional media. Traditional media is more important if consumers wished to get information on fast food and shampoos. Bellizzi (2000) investigated cross-media relations between print and Internet ads and analyzed whether it is possible to draw users to E-Commerce websites through print ads that mention the website of the company several times. However, they did not test the effectiveness of Internet advertising.

The Internet is strongly perceived as an information medium and is used as such. In Germany, for instance, according to the 7th GfK Online Monitor (2001), the most common activities carried out on the Internet are, besides e-mail, information gathering activities (mainly the use of search engines/web catalogues and/or information gathering on specific aspects such as news, music, computers or software). Internet advertising usually focuses on information as well. However, comparing the characteristics of print and Internet, it is astonishing that the Internet is not used more frequently for an emotional appeal. Internet-specific capabilities such as interactivity (e.g. Ghose and Dou 1998; Bezjian-Avery, Calder and Iacobucci 1998), multimedia and hypermedia and the possibility to directly address the target group (one-to-few- and one-to-one-communication) allow for more opportunities to appeal to consumers emotionally than print ads, which can only depict text and/or pictures to an anonymous audience. In Internet advertising, it is possible to use text, graphics, animation, video and

sound, alone and in any combination; therefore all core elements of traditional media can be combined. It is assumed that the use of multiple communication forms has the potential to increase the efficiency of the medium, as different aspects of a message can be conveyed through different methods simultaneously (Hoffmann and Novak 1996; Gallagher, Foster, and Parsons 2001; Ju-Pak 1999). This leads one to believe that Internet ads are equally capable of supporting an emotional advertising strategy. Thus, we expect that the evaluation of emotional print ads and emotional Internet ads with regard to the variables used in this study will be similar. We hypothesize (working hypothesis):

H1: Emotional Internet ads can trigger similar reactions as emotional print ads.

As the Internet is a global medium, it is important to carry out the study in different countries. As a first step, Germany and France were chosen because the two countries differ on cultural dimensions that can meaningfully be related to emotional advertising. In the data on cultural dimensions provided by Hofstede (1984, 2001), Germany and France vary on the cultural dimensions of masculinity (Germany: 66; France: 43; with a range of 5 (lowest masculinity) to 95 (highest)). Hofstede (2001, p. 299) describes a masculine country as a country with strict emotional and social role differentiation between genders. Money and possessions are important and a masculine society is ego oriented. A feminine country is described as showing minimal emotional and social role differentiation between the genders. The quality of life and the well being of all people are important. Instead of an ego orientation, a relationship orientation predominates. Based on the characteristics of masculine versus feminine countries, it can be presumed that information plays a more important role in a masculine country and emotions play a more important role in a feminine country.

The cultural value of “emotional or affective autonomy” provided by Schwartz (1994) supports this argument. In a country that scores high on the emotional autonomy scale, the individual is allowed to show emotions independent of the group he/she is a member of. It is not necessary to mask the emotions since they can be depicted openly. Thus it can be assumed that the application of emotions in advertising will be evaluated more favorably in an emotionally autonomous country than in a country with a lower level of emotional autonomy. According to the data collected by Schwartz (1994), France has a country score of 4.41 and Germany a score of 4.03 in the west and a 4.16 in the east (the scores of the 38 cultural areas that were analyzed by Schwartz (1994) ranged from 2.76 (lowest emotional autonomy) to 4.41 (highest) with an average of 3.48). Thus, the data provided by both Hofstede and Schwartz begs the assumption that French consumers may evaluate an emotional advertisement more highly than German consumers would. The following hypothesis can be drawn (working hypothesis):

H2: French consumers will evaluate emotional advertisements higher than German consumers.

The recipients’ reactions to advertising that will be analyzed are based on the advertising model of Kroeber-Riel and Weinberg (2003). The model analyzes the effects of different kinds of advertisements (emotional versus informative) for high and low involvement by hypothesizing different effect paths. It consists of the variables activation, emotional and cognitive responses to the ad, attitude toward the product and purchase intentions. The common measures of the effectiveness of Internet advertising focus on non-behavioral variables such as ad clicks, ad view time, and reach (see e.g. Dreze and Zufryden, 1998 with criticism of these variables). Behavioral variables such as activation, emotions and attitudes are mostly neglected. Our study focuses on these behavioural variables to measure the advertising effectiveness.

METHOD

Subjects: A total of 240 subjects (120 Germans and 120 French) took part in the study, which was conducted in 2003. The study was carried out in two mid-size towns in Germany and France. 50% were male, 50% female.

Independent variables: The independent variables were nationality (German versus French) and medium version (Internet advertisement versus print advertisement).

Nationality: As mentioned above, Germany and France were chosen as they differ on cultural dimensions (Hofstede 1980, 2001 and Schwartz 1994) that can be meaningfully related to emotional advertising.

Medium version: To analyze the effect of the medium (Internet versus print advertisement) it is essential to find advertisements on the Internet and in print that are *as identical as possible*. Because the study was carried out in Germany and France, they have to be identical between the two countries (i.e. standardized ads).

Additional criteria for the selection of the ads were as follows: (1) the ads should be used in both countries at the same time; (2) they should use an emotional appeal; (3) the ad should address males and females; (4) the slogans and text should be identical (apart from the translation).

We have done extensive research to find two different perfume ads that fulfill our requirements as closely as possible. The ads that we found are identical with regard to the emotional appeal, the visual stimuli, the slogan and the text. The remaining differences between the print ad and the Internet ad are media-specific: clicking through the different pages of the Internet ad is Internet-specific and typical for the Internet. One was an ad for “ALLURE” by CHANEL. In regard to Germany and France, the ad differed in the translation of the text. The other one was an ad for “White” by EMPORIO ARMANI, which used an English text in both countries. FIGURE 1 shows the print ads CHANEL and ARMANI in Germany and France. The basic pictorial and text elements of the print ads were shown on the websites of CHANEL and ARMANI, as well (see the screen shots of the website in FIGURE 2). The test persons were allowed to click through the different pages of the websites.

Dependent variables: The choice of the dependent variables was based on the advertising model by Kroeber-Riel and Weinberg (2003). This model analyzes activation, emotional and cognitive responses to the ad, attitude toward the product and purchase intentions. All variables were measured using multi-item scales (TABLE 1).

Procedure: The questionnaire was standardized and the subjects evaluated the two different ads (Internet and print) in a rotating sequence. The subjects from France were shown the French versions; the subjects from Germany evaluated the German versions. Studies have shown that consumers usually pay attention to a print ad for only about two seconds on average (Kroeber-Riel and Weinberg, 2003). For this reason, the subjects were only allowed to view the print ads for two to three seconds. With regard to the Internet ads, the subjects were allowed to view each different page for one to two seconds.

RESULTS

TABLE 1 depicts the factor loadings and the values of Cronbach’s α for each factor. In addition, as some of the analyses compare mean values of data from two different countries, it is advisable to test the measurement scale for configural, metric and scalar invariance (Steenkamp and Baumgartner 1998). Meaningful statements about group comparisons can only be made when the relevant measurement scales are invariant (Horn 1991). Factor analyses revealed that the items loaded on the respective factors. All α -values are higher than the required value of 0.7 (Nunnally 1978, p. 245f.). Except for cognitive response, all factors showed at least partial metric and scalar invariance, thus, group comparisons can be made. Group comparisons with regard to the factor cognitive response should be carried out very cautiously. In order to test whether the ads were perceived as emotional rather than informative ads, the values of the emotional response to the ads and the cognitive response to the ads were compared. For this comparison, the average mean value of the items of each factor was calculated, for both Internet ad and print ad and for both brands. With regard to (1) the print ad CHANEL the mean value of the emotional response is 2.49, whereas the mean value of the cognitive response is 3.20 ($t = -14.62, p < 0.01$). The results for the other ads are: (2) Internet ad CHANEL: emotional response = 2.68; cognitive response = 3.03; $t = -6.55, p < 0.01$; (3) print ad ARMANI: emotional response = 1.96; cognitive response = 2.90; $t = -19.60, p < 0.01$; (4) Internet ad ARMANI: emotional response = 1.88; cognitive response = 2.84; $t = -19.32, p < 0.01$. As lower mean values indicate higher degrees of the variables (due to the coding of the scale), the subjects in fact perceived the ads as emotional rather than informative. In order to test the hypothesis, several ANOVAs were conducted. The independent variables were the medium version (Internet ad vs. print ad) and the subjects’ nationality (French vs. German). Dependent variables were activation, emotional and cognitive responses to the ad, attitude toward the product and purchase intentions. TABLE 2 discloses the main effects and interaction effects of the perfume brands CHANEL and ARMANI. TABLE 3 reveals the mean values of the dependent variables, organized by nationality and medium version.

The results show that nationality has the strongest influence on the evaluation of the dependent variables (TABLE 2). With regard to CHANEL, nationality has a significant main effect on all dependent variables, with F-values ranging from 11.458 to 29.489. Nationality significantly influences three of the five dependent variables in the ARMANI dataset as well (F-values from 6.952 to 45.279). However, no significant effect of nationality is found for activation and emotional response in the ARMANI dataset. A closer look at the mean values in TABLE 3 reveals that the French subjects evaluated the dependent variables in a more positive way, i.e., they expressed a higher level of activation, emotional response, cognitive response, attitude toward the product and purchase intention in the CHANEL dataset and a higher level of cognitive response, attitude toward the product and purchase intention in the ARMANI dataset. In summary, the results support hypothesis H2, i.e., the French subjects evaluate the emotional advertising appeal higher than the German subjects.

The medium version (Internet versus print) displays only two significant main effects, and only in the CHANEL dataset (TABLE 2). The medium version influences the emotional response ($F = 13.917, p = .000$) and the cognitive response ($F = 13.526, p = .000$). There were no significant effects in the ARMANI dataset. As the main effects of medium version in the ANOVAs are based on the analysis of German and French people together, a closer look at the influence of the medium

version within the dataset of one nation would give more insight into the results. The mean values of the evaluation of the dependent variables and the corresponding F-values in TABLE 3 show that the significant main effect of the medium version (Internet versus print) for the variables emotional response and cognitive response is due to the group of German participants. The Germans display a higher emotional response toward the print ad (mean value = -0.09) than the Internet ad (mean value = 0.39, $F = 13.973$, $p = .000$) and a lower cognitive response toward the print ad (mean value = 0.38) than the Internet ad (mean value = -0.05, $F = 13.306$, $p = .000$). In addition, the German subjects show a significant difference in the mean values of the variable activation ($F = 4.953$, $p = .027$). The print ad has a higher rate of activation (mean value = 0.06) than the Internet ad (mean value = 0.34). There are no significant differences for the French subjects, either in the CHANEL, nor the ARMANI dataset. Summarizing, there are only a few significant differences in the dependent variables that are caused by the medium version, i.e. Internet ad versus print ad. Consequently, hypothesis H1 is mainly supported. Emotional Internet ads can trigger similar reactions as emotional print ads. TABLE 2 shows that none of the interaction effects (medium version x nationality) are significant in the CHANEL or ARMANI dataset.

DISCUSSION AND IMPLICATIONS

Summarizing the results of the study, there are only a few significant differences in the dependent variables, which are due to the medium version (Internet ad versus print ad). Therefore it can be assumed that emotional Internet advertising exerts a similar effect on the consumer as emotional print advertising. We only found differences in the CHANEL dataset and then only in the evaluation by the German subjects. There were differences in the emotional response, in the cognitive response and in the activation. There were no differences in the attitude toward the product and the purchase intentions. In the ARMANI dataset and among the French subjects there were also no differences.

One possible explanation for the differences we found in the CHANEL dataset may be a lower level of similarity between the Internet ad and the print ad compared with the ARMANI ads. The ARMANI Internet and print ads seem to match to a greater extent than the CHANEL ads. The CHANEL Internet ad uses a smaller picture and offers more information than the CHANEL print ad. These differences in the design of the ads may explain why the CHANEL Internet ad activates the subjects to a lesser extent (due to the smaller emotionally appealing picture), triggers fewer emotional responses, and evokes stronger cognitive responses (more information is given). However, there were no differences for the CHANEL ads among the French subjects. The same differences would have been expected for the French subject if the stimuli caused the differences. A possible explanation might be that Germans perceive the Internet mainly as an information medium, and if more information is given on the web than in the print ad, they focus on the information and therefore evaluate the Internet ad as more cognitively appealing.

Nationality had a much stronger effect on the evaluation of the ads than the advertising medium. In general the French people seem to be more susceptible for emotional appealing advertising than the German subjects. Their evaluation of both ads in both mediums was better for most of the dependent variables. This might be due to the fact that France is a country that is more feminine (non-masculine) than Germany (Hofstede 2001) and scores higher on the cultural dimension scale of "emotional autonomy" (Schwartz 1994).

Selected Implications: Print ads and Internet ads trigger similar reactions. The Internet can therefore be considered a suitable medium to convey emotions through advertising. In order to achieve integrated communication, it is possible and advisable to include the website in the emotional advertising strategy. Furthermore, Internet advertisements should depict the same emotions as the advertisements in other media. With regard to the measurement of advertising effectiveness on the Internet, the study made use of behavioral variables which can be considered as useful complements to common measures such as ad click or reach. Implications for cross-cultural advertising research are that there are still cultural differences between France and Germany, which contributed to differences in the evaluation of the ads. Further studies should analyze whether these findings can be transferred to ads for other product categories. It should be investigated as to whether there are differences between the Internet and other media, such as TV and radio. Furthermore, it should be examined whether there are also similar results for informative ads. It is also important to expand the number of foreign countries tested.

FIGURE 1: Print Ads CHANEL in Germany and France and Ad ARMANI in Germany and France



FIGURE 2: Screen Shots of the Websites for CHANEL in Germany (first row) and France (second row) and the Screen Shots of the ARMANI Website (third row)

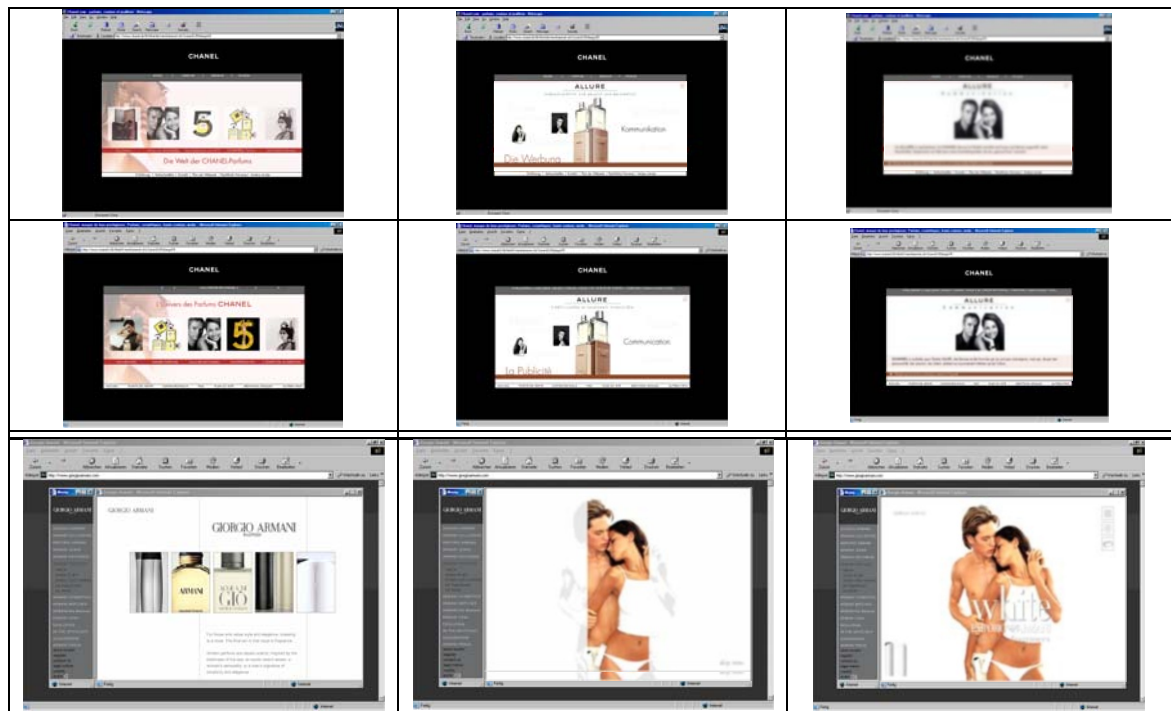


TABLE 1: Measurement Results of the Dependent Variables

Factor	Indicator	Factor loading	α	Variance Extracted	Configural invariance	Metric Invariance	Scalar Invariance
ACTIVATION	Activating	0.866	0.88	72.78%	yes	partial	partial
	Stimulating	0.810					
	Intense	0.882					
	Eye-catching	0.853					
EMOTIONAL RESPONSE	Likeable	0.893	0.89	76.02%	yes	partial	partial
	Pleasurable	0.880					
	Attractive	0.861					
	Positive	0.854					
COGNITIVE RESPONSE	Informative	0.759	0.79	61.92%	yes	full	no
	Convincing	0.812					
	Distinct	0.770					
	Credible	0.805					
ATTITUDE TOWARD PRODUCT	Product makes a good impression	0.851	0.82	65.48%	yes	full	partial
	Product is of a high quality	0.753					
	Product is attractive	0.836					
	Product design is appealing	0.793					
PURCHASE INTENTION	Try product	0.936	0.86	87.67%	-	-	-
	Buy product	0.936					

Note: All items were measured on a 5 point rating scale

TABLE 2: Results of the ANOVAs: Main Effects and Interaction Effects

		CHANEL		ARMANI	
		F-Value	Sig. F	F-Value	Sig. F
ACTIVATION					
Main effects	Medium version	2.973	.085	.072	.789
	Nationality	20.253	.000**	.019	.889
Interaction effect	Medium version x nationality	2.263	.133	.065	.799
EMOTIONAL RESPONSE					
Main effects	Medium version	13.917	.000**	1.362	.244
	Nationality	11.458	.001**	2.739	.099
Interaction effect	Medium version x nationality	2.821	.094	.388	.534
COGNITIVE RESPONSE¹⁾					
Main effects	Medium version	13.526	.000**	.344	.558
	Nationality ¹⁾	13.667	.000**	45.279	.000** ¹⁾
Interaction effect	Medium version x nationality ¹⁾	1.448	.229	.563	.453 ¹⁾
ATTITUDE TOWARD PRODUCT					
Main effects	Medium version	.697	.404	1.128	.289
	Nationality	29.489	.000**	6.952	.009**
Interaction effect	Medium version x nationality	.018	.894	.224	.636
PURCHASE INTENTION					
Main effects	Medium version	1.397	.238	.251	.617
	Nationality	29.276	.000**	11.492	.001**
Interaction effect	Medium version x nationality	.003	.959	.172	.679

*p < .05; **p < .01; two-tailed

¹⁾Due to the lack of scalar invariance, the results with regard to nationality should be treated with caution.

TABLE 3: Mean Values of Dependent Variables Depending on Medium Version & Nationality

	CHANEL				ARMANI			
	Mean Value		F-Value (German vs. French)	Sig.-F	Mean Value		F-Value (German vs. French)	Sig.-F
	Nationality							
	German	French						
ACTIVATION								
Medium version								
Both versions (n=480)	0.20	-0.20	20.117	0.000**	0.01	-0.01	0.019	.889
Internet Ad (n=240)	0.34	-0.19	19.363	0.000**	0.01	-0.03	0.074	.786
Print Ad (n=240)	0.06	-0.21	4.199	0.042*	0.01	0.02	0.007	.934
F-Value (Internet vs. Print)	4.953	0.026			0.000	0.128		
Sig.-F	.027*	.873			0.992	.721		
EMOTIONAL RESPONSE								
Medium version								
Both versions (n=480)	0.15	-0.15	11.115	0.001**	-0.08	0.08	2.740	.099
Internet Ad (n=240)	0.39	-0.06	12.816	0.000**	-0.10	-0.01	0.516	.473
Print Ad (n=240)	-0.09	-0.24	1.455	0.229	-0.05	0.16	2.679	.103
F-Value (Internet vs. Print)	13.973	2.207			0.181	1.354		
Sig.-F	.000**	.139			.671	.246		
COGNITIVE RESPONSE¹⁾								
Medium version								
Both versions (n=480)	0.16	-0.16	13.306	0.000**	0.29	-0.29	45.383	0.000**
Internet Ad (n=240)	-0.05	-0.27	2.704	0.101	0.30	-0.35	26.974	0.000**
Print Ad (n=240)	0.38	-0.05	14.116	0.000**	0.29	-0.24	18.557	0.000**
F-Value (Internet vs. Print)	13.306	2.771			0.016	0.753		
Sig.-F	.000**	.097			.898	.387		
ATTITUDE TOWARD PRODUCT								
Medium version								
Both versions (n=480)	0.24	-0.24	29.569	0.000**	0.12	-0.12	6.961	0.009**
Internet Ad (n=240)	0.20	-0.27	13.472	0.000**	0.09	-0.19	4.734	.031*
Print Ad (n=240)	0.28	-0.21	16.146	0.000**	0.15	-0.05	2.391	.123
F-Value (Internet vs. Print)	0.475	0.243			0.203	1.028		
Sig.-F	.491	.622			.653	.312		
PURCHASE INTENTION								
Medium version								
Both versions (n=480)	0.24	-0.24	29.313	0.000**	0.15	-0.15	11.530	.001**
Internet Ad (n=240)	0.19	-0.29	14.508	0.000**	0.15	-0.19	7.159	.008**
Print Ad (n=240)	0.29	-0.19	14.779	0.000**	0.16	-0.11	4.476	.035
F-Value (Internet vs. Print)	0.792	0.638			0.004	0.365		
Sig.-F	.374	.425			0.947	.547		

Note: 5 point rating scale, ranging from 5 (low) to 1 (high); mean values are factor scores; *p < .05; **p < .01; two-tailed

¹⁾ Due to the lack of scalar invariance, the results with regard to nationality should be treated with caution.

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RELATIONSHIP STRENGTH AND QUALITY IN INDUSTRIAL SERVICES: A GLOBAL EMPIRICAL STUDY

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ABSTRACT

This paper presents the results of an empirical study that examines factors driving relationship strength and relationship quality between buyers and suppliers of industrial services. The primary objective of the study is to develop an explanatory model anchored on relationship strength that is comprehensive and globally relevant, while reflecting both the instrumental/economic and relational determinants of strength. The choice of relationship strength and quality is made because of their well documented ties to buyer patronage and relationship profits. Yet despite the attention paid to the subject, little empirical research has been devoted to understanding what drives these outcomes. Of the existing studies, few examine enough variables and their interrelationships to provide marketing practitioners with a useful, predictive model. Moreover, the direction of research is guided by independent theoretical frameworks. One strain of literature suggests that researchers frame their models along economic or instrumental dimensions while another argues for models to be anchored on relational factors. As a result, studies in this area are fragmented across multiple literature domains.

In this paper, the authors investigate the joint effects of instrumental/economic and relational factors driving relationship strength and quality. Relationship strength, in this case, is measured along dimensions of a buyers' propensity to remain in a relationship, its willingness to invest in a relationship, and its resistance to search for alternatives. Using structural equation modeling, a well fit model demonstrated the degree to which relationship strength and quality are influenced by their proposed antecedents. The model shows that strength is largely influenced by the buyer's sentiments of allegiance along with a confidence that the supplier will work on the supplier's behalf and a sense of satisfaction that the supplier lives up to expectations. Collectively, these perceptions represent the affective commitment, trust and satisfaction dimensions of relationship quality. Further evidence is also given that social bonds serve as a form of psychological exit barrier that ties buyers to the service provider (i.e., builds relationship strength).

Among the instrumental variables, perceived value had a minor direct influence on relationship strength. The study demonstrates that in addition to their affective assessments of relationship quality and bonds, buyers will rationalize whether the value perceived from a supplier's offer exceeds that of alternatives. Contrary to expectations, however, the anticipation of high switching costs as reflected under calculative commitment had no influence on relationship strength. Coupled with the relatively minor influence that value has on strength, this finding suggests that a buyer's propensity to remain is influenced more by interpersonal assessments and socio-sentimental attachments than by cost/benefit evidence from a supplier's offer and performance history. On the other hand, the study demonstrates that instrumental/economic factors have a greater influence on a buyer's perception of relationship quality. For example, relationship quality is far more influenced by service quality and perceived value than by social bonds, relationship investments and communications openness. Collectively, these findings would suggest that buyers of industrial services may first formulate cognitive assessments based on a supplier's track record and offer proposition. The choice to continue with the supplier is then heavily influenced by the accumulation of affective assessments as reflected in the social bonds and relationship quality perceived over time.

As a secondary objective of the study, the model was tested across 202 buyers of aviation component repairs from 42 countries so as to address the cross-national limitations cited in the literature. The wide range of nation cultures and economic development further permitted the exploratory examination of buyer nation wealth as an instrumental determinant. The analysis demonstrates that the wealth of a buyer's nation of operation is indeed a harbinger of calculative commitment (an instrumental factor) and social bonds (a relational factor). The negative influence that wealth has on calculative commitment is not unexpected given the high correlation found between wealth and individualism in Hofstede (2001) studies, along with the cross-cultural studies that attribute a buyer's economic orientations to national individualism. Similarly, the positive influence that wealth has on social bonds is consistent with claims that collective nations (mostly of low economic development) place a greater emphasis on relational factors when compared to their wealthy nation counterparts.

The study results are encouraging in their support of referenced theories underpinning relationship strength. Over two-thirds of the explained variance for relationship strength is accounted for by relationship quality, bonds and perceived value, thereby validating the notion that relationship strength is derived from instrumental/economic and relational assessments.

References available upon request

TURKISH CONSUMERS' SERVICE QUALITY PERCEPTIONS AND SATISFACTION IN RETAIL BANKING

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ABSTRACT

Previous research has identified various service quality factors' contribution to consumer satisfaction in retail banking. This study reports findings from a survey, which aimed to determine Turkish consumers' perception of quality and possible effects on satisfaction. Results indicated, "empathy", "responsiveness", "trust", "tangibles", and "enabling" were determinants of customer satisfaction.

INTRODUCTION

Service quality has become one of the hot topics in today's competitive business world. Through improved service quality, firms are trying to achieve customer satisfaction and loyalty (Cui, Lewis, and Park 2003; Yavas, Bilgin, and Shemwell 1997). This is also true for the retail banks, where the services offered have very little difference, and any new offering is quickly retaliated by competitors (Devlin, Ennew, and Mirza 1995; Samli and Frochlich 1992).

There are strong linkages between service quality and overall customer satisfaction (Anderson and Sullivan 1993; Levesque and McDougall 1996). Customer satisfaction, which triggers loyalty, results in improved productivity, financial performance, and profitability (Cui, Lewis, and Park 2003; Jamal and Naser 2003; Lewis 1993). Satisfied customers reduce cost of providing services, they are more inclined to extend their relationship and concentrate with one bank, and the opportunity to cross sell services is higher with satisfied customers (Winstanley 1997). Although there are some opposition in literature, review of the issues suggests that service quality is antecedent to satisfaction (Anderson and Sullivan 1993; Cronin and Taylor 1992; Moutinho and Smith 2000). Customer satisfaction can be enhanced through improvements in service quality and service features in retail banking (Levesque and McDougall 1996).

Service quality has been described as a form of attitude that results from the comparison of expectations with performance (Cronin and Taylor 1992; Parasuraman, Zeithaml, and Berry 1988). Most of the research on service quality has been carried out within the framework of the service quality gap model developed from the extensive research of Parasuraman and his colleagues. They defined service quality as a function of the gap between consumers' expectations and perceptions of the actual service delivered. However, there has been considerable debate as to the basic dimensions of service quality and the measurement of these dimensions as a gap between expectations and performance (Brown, Churchill, and Peter 1993; Cronin and Taylor 1992) and the components of customer satisfaction (Levesque and McDougall 1996).

In retail banking, research has shown that customer satisfaction is also related to the service features like convenience and accessibility. The convenience of the banks' offering affects a customer's overall satisfaction and location is found as major determinant of bank choice (Devlin 2002; Lewis 1991). While acting together with convenience, accessibility is also related with satisfaction and enables customer to do business with their banks more easily (Devlin 2002; Jamal and Naser 2003; Levesque and McDougall 1996; Lewis 1991).

The objective of this paper is to determine the Turkish consumers' perception of quality in retail banking and to examine the relationships between dimensions of service quality and customer satisfaction. Since retail banking in Turkey will be examined, a brief overview of Turkish retail banking will be presented in next section.

Retail Banking in Turkey

Retail banking in Turkey has improved substantially over the years. From the declaration of the Republic (1923) till 1932 banks were state owned; private banks were established after 1933, and in 1950s banks started to emphasize retail banking. But only after 1980s, which is a period marked with liberalization and globalization movement in Turkey, developments in retail banking accelerated (The Banks Association of Turkey 1999). The improvement in the political and economic stability and decisiveness of Treasury program, which caused a decrease in public borrowing requirement in 1990s, increased the attention on retail banking operations and service quality in order to meet the expectations of customers (Bilgin and Yavas 1995; The Banks Association of Turkey 1999). Hype of ATM installation, telephone and Internet banking applications were the implication of the strategic change. Managers responsible from customer relations are highly interested in satisfaction

levels of the consumers, especially in alternative banking channels like Internet banking. Research on satisfaction levels of retail banking customers using Internet banking shows that upscale and profitable bank customers is related with reliability, accessibility, cost and time savings offered (Polatoglu and Ekin 2001). Thus, management of Turkish banks should have one foot in the consumer realm and the other in customer contact employee reality. Fortunately, interviews with bank executives signal that there is a growing recognition of this reality in the Turkish banking environment (Yavas, Bilgin, and Shemwell 1997).

In this study, consumers' perception of service quality, relationships between dimensions of service quality and customer satisfaction was investigated in the context of the banking sector in Turkey. The focus of this study was on banking services in general, not on a specific bank or certain service incidents.

RESEARCH DESIGN

Instrument

Instrument was composed of four parts; demographic information, Bank Service Quality Questionnaire (BSQ), customer satisfaction items and in the last part respondents were asked to rank the alternative banking channels according to their frequency of usage. The authors based on the services marketing literature (Carman 1990; Cronin and Taylor 1992; Parasuraman, Zeithalm, and Berry 1988) and bank marketing literature (Bahia and Nantel 2000; Levesque and McDougall 1996) developed items of Bank Service Quality Questionnaire (BSQ). The questionnaire was designed from the literature review as well as from the results of the in-depth interviews with the experts in banking sector and managers to establish face validity of the items. Since convenience, the "ease of use" and human interaction elements of service process affects consumer's service evaluation (Moutinho and Smith 2000) and there is high increase in the Internet and ATM usage (Polatoglu and Ekin 2001) items regarding the Internet and ATM banking were included in the BSQ. In total the BSQ had 30 items. Satisfaction was measured with three items: "I recommend my bank to others", "I am satisfied with my bank", and "My bank always meets my expectations". The respondents were asked to express how much they agree with the items on a Likert scale ranging from 1=strongly disagree to 6= strongly agree.

Sampling and Data Collection

Data for the study were collected from residents of Istanbul. 500 questionnaires were distributed to bank customers. A sample of 376 respondents was obtained with a 75 % return rate. A sample size of 300 is considered as an adequate number for scale development and even with smaller samples, scales can be developed successfully (DeVellis 2003). Hence, we proceeded with our research. The sample consisted of 185 women and 188 men. Age of the sample ranged between 20 to 60 with a mean of 29.9 and a standard deviation of 8.26. Respondents were highly educated.

ANALYSES

An exploratory factor analysis (EFA) was conducted to identify the underlying structure of the questionnaire. To test the appropriateness of data for conducting factor analysis, Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett Test of Sphericity were performed. KMO and Bartlett tests provided statistical probability that the correlation matrix had significant correlations among variables indicating shared variance ($KMO=0.83$, $\chi^2_{Bartlett\ test} (190)=1924.58$, $p=0.000$). We analyzed further with Principle Component Analysis and Varimax Rotation.

In the analysis, factors with eigenvalues over one were retained and single item that loaded on a factor and items with factor loadings below 0.50 were excluded (Hair, Anderson, Tatham, and Black 1998; Netemeyer, Bearden, and Sharma 2003). As a result, a 22-item questionnaire with six factors was obtained. Factors were named as "empathy", "online banking", "responsiveness", "trust", "tangibles", and "enabling" and together factors explained 58 % of total variance.

To test the internal consistency of factors, Cronbach's coefficient alpha reliabilities were computed. Nunnally (1974) as cited in De Vellis suggests a value of 0.70 as lower limit but it can decrease to 0.60; in addition there is a positive relation between alpha coefficient and the number of items (DeVellis 2003; Hair, Anderson, Tatham, and Black 1998). Reliabilities for "empathy", "online banking" and "responsiveness" were above 0.70 (0.78, 0.77, and 0.74 respectively). Reliabilities for factors "trust", "tangibles", and "enabling" –factors with two items each– were below 0.70 (0.63, 0.65, and 0.66 respectively).

To validate the factors proposed by EFA and investigate the dimension structure more deeply, a confirmatory factor analysis (CFA) was conducted using AMOS 4.0 program.

Goodness of fit indexes indicated the model was fit and modification indices did not indicate any further improvement in the model and no other item was trimmed. However, when the estimated parameters were analyzed it was seen that even though loadings were all significant at 0.01 level, factor loading of one item was 0.48, which was rather low (Netemeyer, Bearden, and Sharma 2003). Hence, the model was retested excluding this item from responsiveness dimension.

χ^2 goodness of fit indicated that observed and the estimated covariance matrices differ considerably (χ^2 (174)=440.693; $p=0.000$). However, chi-square test statistics are usually quite sensitive to sample size, therefore a large number of alternative goodness of fit measures have been developed to assess the model fit. Goodness of Fit Index (GFI) and Adjusted Goodness of Fit Index (AGFI) were 0.902 and 0.870 respectively and Root Mean Square Error of Approximation (RMSEA) value was 0.064. There is no standard for acceptable GFI and AGFI, but rule of thumb is GFI greater than .90 and AGFI greater than .80 (Lattin, Carroll, and Green 2003) and RMSEA values of .08 and less have been advocated as indicative of acceptable fit. But some authors propose a value of 0.06 or less as desirable (Hu and Bentler 1999; Lattin, Carroll, and Green 2003). Consequently, goodness of fit indexes supported the proposed first order model as fit.

Since the theoretical construct of service quality is a 2nd order factor model, another CFA was performed to test the 2nd order model. The goodness of fit results indicated an acceptable fit for the second order CFA model as well (χ^2 (183)=459.359 ($p=0.000$); GFI=0.898 and AGFI=0.872; RMSEA=0.063).

While the confirmatory factor analysis result of the dimensions of the Banking Service Quality Questionnaire was at reasonably acceptable level, in order to understand more about Turkish consumers' perception in retail banking further analyses were conducted.

Friedman rank test was conducted to find out the differences between the magnitudes of six factors of service quality perceived in the environment. The mean ranks of the factors "empathy", "online banking", "responsiveness", "trust", "tangibles", and "enabling" were 2.66, 4.44, 3.00, 4.09, 3.12 and 3.69 respectively. A significant difference was found ($\chi^2=268.329$ and $p=0.000$), which indicates customers believed that their banks were offering "online banking" and "trust" dimensions of service quality more.

Since one of objectives of this study was to identify the major determinant of customer satisfaction in retail banking multiple regression analysis was performed. The result of multiple regression analysis suggests service quality is related to customer satisfaction. Customer satisfaction had strong positive correlation with "empathy", "responsiveness" "trust", "tangibles", and "enabling" ($r=0.724$, $F=81.676$, $p=0.000$). Only "online banking" dimension was not significant. "Responsiveness" and "empathy" had the highest contribution ($\beta=0.294$; $\beta=0.256$ respectively).

In the study, respondents were also asked to rank the alternative banking channels with regard to frequency of usage. When investigated the results revealed that 44% of customers' first choice was Internet banking and 35% of customers' first choice was using branch as the banking channel. The choice of ATM and telephone banking as first choice were 16% and 5% respectively.

Hence, the most preferred banking channels were Internet and branch banking. Branch banking represents the traditional banking service with personal interaction whereas Internet banking is the new dehumanized banking channel. Therefore, to test if there were any differences between the amount of quality offered by retail banks with regard alternative banking channels –branch and Internet banking– independent sample t test was conducted. It was found that branch and Internet channel users perceived "online banking" and "responsiveness" dimensions significantly different ($t=-2.658$, $df=244$, $p=0.008$; $t=-2.224$, $df=268$, $p=0.039$). Online banking and responsiveness dimensions were perceived more by Internet user customers than branch customers were ($\mu_{\text{branch}}=4.496$, $\mu_{\text{responsiveness}}=4.768$; $\mu_{\text{branch}}=3.882$, $\mu_{\text{responsiveness}}=4.106$ respectively).

CONCLUSION AND DISCUSSION

This research was conducted to investigate the dimensions of retail bank service quality. In summary, the BSQ questionnaire developed for this purpose reveals a six-dimension structure with "empathy", "online banking", "responsiveness", "trust",

“tangibles”, and “enabling” factors with 21 items as a result of the EFA and CFA analyses. These factors are in parallel to the previous service and retail bank literature. Factors of “empathy”, “responsiveness”, and “tangibles” were found similar to SERVQUAL. “Enabling” factor has similar items with Levesque and McDougall (1996)’s features dimension and Bahia and Nantel (2000)’s access dimension. “Online banking” is the contribution of this study which includes Internet banking as well as the ATM banking in service quality but on a prior study Stafford (1994) has also found ATM as a separate dimension.

Many retail banks have been measuring service quality and customer satisfaction to determine how well they are meeting customer needs and requirements. Understanding the causal relationship between service quality and customer satisfaction is of significant value to managers to predict customer behaviors. To examine the managerial implications of service quality for bank marketing, dimensions’ contribution to customer satisfaction was analyzed. Our findings imply that “empathy”, “responsiveness”, “trust”, “tangibles”, and “enabling” were significant determinants of customer satisfaction. Strong relationship between the dimensions and satisfaction suggested by controlling service quality, managers can increase customer satisfaction and loyalty. It was interesting to note that despite the fact responsiveness and empathy had the highest contributions to satisfaction, online banking and trust were perceived more in the environment.

Another finding was the most preferred banking channel of respondents was Internet, which was followed by branch banking. This may be due to the fact our sample consisted of young and educated respondents; besides advancing technology makes a major contribution in the alternative banking channels, therefore Internet banking may be preferred more for their convenience. However, it should also be emphasized human interaction is excluded from the Internet services that change the way of doing business and different kinds of relations are required. Online banking leads to less personal contact, less customer satisfaction and loyalty as mentioned previously (Lewis 1991; Samli and Frochlich 1992). Our findings are in accordance with this. Even though online banking was perceived as a separate factor of service quality, it was not one of the predictors of satisfaction whereas mostly empathy and responsiveness explained satisfaction.

BSQ was used for the first time; therefore further research is needed to test the reliability and the validity of this scale. Applications in different populations and especially in different cultures can give insight about how service quality in retail banking is perceived and give an opportunity to compare dimensions that affect the satisfaction. There are 27 retail banks in Turkey and 6 of them are foreign owned hence a comparative study would be helpful to the sector.

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CONSUMER SATISFACTION-LOYALTY LINK: A SOCIAL EXCHANGE PERSPECTIVE

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ABSTRACT

Brand loyalty has been a popular research topic in marketing for decades. It has long been believed that satisfaction and loyalty are somehow related (cf. Bennett and Rundle-Thiele 2004), and researchers have traditionally examined the determinants of satisfaction (e.g., Anderson and Sullivan 1993) in the quest for brand loyalty. A major shift in research has emerged as some studies have pointed out that the linkage between satisfaction and loyalty is rather elusive. Oliver (1999) points out that although loyal consumers are typically satisfied, satisfaction does not universally translate into loyalty. Reichheld (1996) coined the term "satisfaction trap," referring to the evidence that suggests satisfied customers are not necessarily repeat customers.

The present research implements the comparison-level concepts of social exchange theory (Thibaut and Kelly 1959; Kelly and Thibaut 1978). Adapting the theory to consumer contexts, we explicitly consider consumers' evaluations of both focal (i.e., the consumer-brand dyad) and external (i.e., consumer-alternative brands) relationships. Because individuals are almost always exposed to alternative brands and are capable of making comparisons, a consumer-brand dyad is embedded in a larger context; that is, a marketplace. We point out that previous satisfaction research, which has neglected such comparisons and ignored the presence of alternative choices for the consumer, fails to provide a complete picture of the consumer-brand dyadic relationship. Rather than uncritically relying on consumer satisfaction measured at a dyadic level as a determinant of loyalty, we should be asking, "How much are consumers satisfied with the brand given alternative brands?"

In any given purchase decision, a consumer faces a choice between (1) remaining in the exchange relationship with the current brand in use, or (2) switching to another accessible brand. Kelley and Thibaut (1978) state that the decision to remain in an exchange relationship is determined by the balance between CL (one's own outcome comparison level) and CL_{alt} (outcome given comparison level for accessible alternatives). The present research proposes that long-term orientation in the consumer-brand dyad (i.e., brand loyalty) is determined by the satisfaction levels based on two sets of standards: (1) the standard that an individual has come to expect from a given kind of relationship (i.e., CL) and (2) the standard that s/he expects from the best available alternative (i.e., CL_{alt}).

In addition, we explicitly consider that individuals experience two domains of satisfaction (economic and affective) based on the economic and social values of exchange relationships (Thibaut and Kelly 1959). Economic satisfaction, or perceived economic utility, derives from the instrumental evaluation of brand attributes. According to Chaudhuri and Holbrook (2001), affective satisfaction derives from "hedonic value," which reflects the nontangible, subjective, emotional elements of pleasure, and the symbolic aspects of consumption. Berry (1995) also suggests that social benefits include feelings of familiarity, personal recognition, friendship, and support. It is posited that that affective satisfaction is a deeper level of satisfaction that more likely develops over time with intimate involvement with the product.

Our propositions are based on our conceptualization that previous research has concentrated solely on CL as a measure of satisfaction and has largely ignored the second set of standards (CL_{alt}). Fournier and Mick (1999) also discuss that CL_{alt} offers a dynamic view (as opposed to a static, one-time transaction) of the development of satisfaction because "dependency is a condition that reflects habituation over time" (p. 12). As reviewed here, a dyadic-level analysis of satisfaction gives only limited information about the nature of consumer-brand relationship. We propose that adopting a social exchange perspective (i.e., CL_{alt}) can make a significant contribution to the traditional brand loyalty research. Future research should examine the extent of empirical support for our propositions.

References available upon request

WHICH IDEAS SHOULD BE HELD UNDER THE TERM “LOYALTY”?

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ABSTRACT

This paper compiles dimensions of loyalty following an extensive literature review providing a clear picture of the ideas that should be held under the term loyalty. The ideas that should be held under the term loyalty should include purchase intentions, proportion of purchase, citizenship behavior and resistance to competing offers.

INTRODUCTION

There is no doubt that loyalty is an important concept for marketers (Duffy 2003; Taylor 2004). Today, marketing managers are disillusioned with the notion of loyalty and there has been a significant shift away from measuring and monitoring loyalty. This shift is likely to be a result of the academic communities inability to clearly state what loyalty is and how loyalty can be built.

Researchers (Mittal and Lassar, 1998) recommend that loyalty should be measured using multiple dimensions. Some researchers have heeded this recommendation using between 3 and 6 dimensions to measure loyalty (Bloemer 1999; Castro 2004; Guenzi 2004; Narayandas, 1999; Taylor 2004). However, the loyalty dimensions have not been used consistently, providing poor guidance to the marketing community. This lack of consistency in the academic community is likely to have contributed to the overall sense of disillusionment expressed by marketers for the notion of loyalty. Loyalty is clearly more than a purchase intention (attitudinal loyalty) and share of wallet (behavioural loyalty) yet this somewhat limited view of loyalty continues to be adopted by some researchers (e.g. Quester and Lim 2003).

By understanding the many dimensions and measures of loyalty, marketers can develop marketing programs to increase loyalty and hence profits, based on the types of loyalty actually exhibited by their consumers. Hence the aims of this study are:

1. Review recent research on loyalty to summarize the dimensions of loyalty previously identified.
2. Examine the convergent validity of the loyalty dimensions identified in the literature review using confirmatory factor analysis.

This paper commences with a summary of recent loyalty literature to identify the ideas that have been held under the term loyalty. The methods employed are briefly discussed followed by the empirical assessments. In the final section the conclusions of this research are briefly presented.

CONCEPTUAL BACKGROUND

Despite the plethora of research there is still insufficient consistency (illustrated in [table 1](#)) in the approach to measuring the loyalty construct at this point in time. Researchers have used between one and four dimensions to measure loyalty. Existing concepts and measures are used in this research, where possible, to avoid providing another alternative view of loyalty. The dimensions of loyalty identified in this research are summarized in [table 1](#).

This paper will test whether the eight dimensions identified from a review of the literature are valid dimensions of loyalty. The dimensions to be tested are allegiance, attitudinal loyalty, citizenship behaviors, complaints to third parties, direct to retailer complaints, preferential purchase, propensity to be loyal, and resistance to competing offers. Those dimensions that are not valid will then be removed from subsequent analysis.

METHODOLOGY

An Australian wine retailer sponsored this study financially and provided a database of 1,000 members of their wine club for the purposes of this study. An additional list of 2,500 was purchased from Australian Mailing Lists (AML) to ensure that the

study was capturing loyalty to Australian wine retailers and not just loyalty to the sponsoring wine retailer. Members of a wine club provide a base of loyal customers, which was important for this research.

Questionnaires containing the measures were accompanied with a reply paid envelope and mailed to 3,500 respondents. Following the initial section, respondents completed questions relating to loyalty to a wine retailer followed by demographic questions. A total of 867 completed surveys were returned, which represents a response rate of 25%. Of this number, 726 customers met the pre-qualifying criteria (purchase in the past twelve months), which represents an effective response rate of 21%. Additional efforts to collect data from non-respondents were not possible due to financial constraints. However, the response rate is comparable to other consumer marketing research studies (Green, Tull and Albaum 1988) and the technique of comparing early and late respondents was used to examine non-response bias. Comparing waves of early and late respondents on a range of demographic characteristics revealed no significant differences ($p > .05$), suggesting that non-response bias may not be a problem.

Data Analysis

It is possible to conduct a secondary-order factor analysis, where the researcher tests the ability of a higher order factor to account for the correlation between the first order factors (Russell 2002). This is highly relevant to the research question at hand: Which ideas should be held under the term loyalty? Secondary order factor analysis will be used in this research to work with the multidimensional measure of loyalty. In this research, the second order factor (loyalty) is hypothesized to account for the first order factors (the loyalty dimensions).

The bootstrap procedure was used because the data was multivariate non-normal (Byrne 2001). Bootstrapping was used in this research to assess the stability of parameter estimates and thereby report their values with a greater degree of accuracy (Byrne 2001).

RESULTS AND DISCUSSION

The literature suggests that loyalty is multi-dimensional comprising eight dimensions. The factors are allegiance, attitudinal loyalty, citizenship behaviours, complaints to third parties, direct to retailer complaints, preferential purchase, propensity to be loyal, and resistance to competing offers. A confirmatory factor analysis analysed the eight dimensions identified in the literature for validity. The factor loadings were weak suggesting many of the hypothesised factors are not dimensions of loyalty. With the exception of the allegiance factor all factor loadings were statistically significant. However, the low factor loadings for allegiance (.00), complaints to third parties (.03), direct to seller complaints (.01) and propensity to be loyal (.04) suggest these ideas should not be held under the term loyalty. Four factors of loyalty had higher factor loadings. These were attitudinal loyalty (.67), citizenship behaviour (0.71), preferential purchase (0.29) and resistance to competing offers (0.27).

A review of the relevant fit indexes for the eight dimension model of loyalty provide evidence of misfit in the model. For example, the IFI and TLI of 0.88 and 0.86 respectively indicate reasonable fit while the RMSEA of 0.08 indicates a satisfactory fit with the data. These results suggest the hypothesised eight-factor model of loyal is not correct.

In respecifying and re-estimating the loyalty model it is important to note the analyses are now framed with an exploratory approach (Byrne 2001). SEM was used to respecify and estimate a model of loyalty using misfitting parameters in the originally hypothesised model. An inspection of the standardised residuals (greater than 2.58 suggests misfit) (Hair et al. 1998) was undertaken to identify areas of misfit in the second-order model.

There were a number of statistically significant discrepancies in the specified second-order model of loyalty. Many discrepancies centre on select measures and factors in the data, namely the two complaining behaviour dimensions termed direct to retailer complaints and complaints to third parties, allegiance and propensity to be loyal. These results may suggest that allegiance, complaining behaviour and propensity to be loyal may not be dimensions of loyalty. A four dimensional model of loyalty was tested. The four factors were attitudinal loyalty, citizenship behaviour, preferential purchase and resistance to competing offers.

A review of the relevant fit indexes for the four-dimensional model of loyalty provides evidence of fit in the model. For example, the IFI and TLI of 0.99 and 0.99 respectively and the RMSEA of 0.02 indicate an acceptable fit with the data. The AIC indicates an improved fit for the exploratory model when compared to the respecified model with an AIC of 49.40 compared to the initial AIC of 492.21. Finally, the χ^2 of 13.40 with 10 degrees of freedom indicates that this second order model of loyalty fits the data. The results suggest that four ideas can be held under the term "loyalty", namely attitudinal

loyalty measured by purchase intentions, citizenship behaviour, preferential and resistance to competing offers. The factor loadings in the respecified model were attitudinal loyalty (0.91), citizenship behaviour (0.71), preferential purchase (0.44) and resistance to competing offers (0.45).

CONCLUSIONS, LIMITATIONS AND MANAGERIAL IMPLICATIONS

The overall aim for this study was to identify the ideas that can be held under the term “loyalty”. The literature review identified eight dimensions of loyalty. These were: allegiance, preferential purchase, attitudinal loyalty, resistance to competing offers, citizenship behaviors, direct to retailer complaints, complaints to third parties, and propensity to be loyal. Confirmatory factor analysis provided evidence of convergent validity for four of the eight dimensions that were proposed in the loyalty literature to be valid measures of loyalty. The four dimensions were attitudinal loyalty, citizenship behavior, preferential purchase and resistance to competing offers.

The results of this study provide evidence that complaints to external suppliers and complaints to third parties, allegiance and propensity to be loyal are not dimensions of loyalty. These results suggest that a person's propensity to be loyal does not explain loyalty. The results of this study provide further support for research by Macintosh and Lockshin (1997) who found that allegiance or the length of time that a customer shops at a store does not have any correlation to their self-assessed loyalty. Finally, the results of this study suggest that complaining behavior is not a dimension of loyalty.

The statistical analysis presented in this paper provides an important first step towards simplifying our understanding of loyalty. More compelling evidence is needed to establish that loyalty is a unitary latent variable potentially manifest in various ways. This paper analyzed the internal structure. Future research is required to further clarify loyalty. Specifically discriminant and nomological validity must be examined.

Complaining behavior, which should not be thought of as a type of could be used to examine nomological validity. A longitudinal research design is required to model complaining behavior as a consequence of loyalty thus establishing nomological validity. This research would enable identification of the loyalty dimensions that have the most impact on complaining behaviours.

A further opportunity for future research exists. Many types of citizenship behavior have been proposed in the literature. Robertson, Bove and Pervan (2003) have recently proposed as many as eight types of citizenship behaviors where this research used only two types of citizenship behaviors. Future research is required to examine the additional types of citizenship behaviors empirically in relation to loyalty measurement and management.

Table 1: Summary of loyalty dimensions identified in the literature

Authors	Context	Number of dimensions used	Behavioral loyalty	Attitudinal loyalty	Resistance to competing offers or price tolerance	Complaining behavior	Citizenship behavior	Propensity to be loyal
Oliver (1999)	Conceptual	1		**				
Bowen and Chen (2001)	Retailing – Hotels	2	**	**				
Dick and Basu (1996)	Conceptual	2	**	**				
Quester and Lim (2003)		2	**	**				
Bloemer and de Ruyter (1999)	Retailing – restaurants, holiday camp, travel agency	3		**	**		**	
de Ruyter, Wetzels and Bloemer (1998)		3		**	**	**		
Mellens, <i>et al.</i> (1996)	Conceptual	3	**	**				**
Butcher, Sparks, O'Callaghan (2001)	Retailing – hairdresser	3		**	**		**	
Guenzi and Pelloni (2003)		3	**	**			**	
Mittal and Lasser (1998)	Retailing – health care and car repair	3		**	**			**
Narayandas (1999)	Durables – computers	3			**	**	**	
Bloemer, de Ruyter and Wetzels (1999)	Retailing – supermarkets, chemists	4	**		**	**	**	
Ganesh, Arnold and Reynolds (2000)	Retailing – banks	4	**	**	**		**	
Castro, Armanio and Ruiz (2004)		4	**	**	**			
Zeithaml, Berry and Parasuraman (1996)		4	**		**	**	**	

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IT SOLUTIONS THAT FOSTER RELATIONSHIP EQUITY IN CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

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ABSTRACT

A flailing marketing campaign faces identification of where, when, and how fast to invest funds effectively to improve sales. With the right tools, assessing return on investment is quantifiable, providing numerous choice options to strategic decision makers. The right tool can lead to marketing success and overall company profitability.

INTRODUCTION

CUSTOMER RELATIONSHIP MANAGEMENT – WHY GO THERE?

The challenge facing a flailing marketing campaign is identification of where, when, and how fast to invest funds effectively to improve sales. Options available for consideration are an ad campaign, tightening service, reducing prices, or strengthening customer relationships. Some options are easier to undertake than others, not due to inherent simplicity so much as due to management familiarity (Parvatiar & Sheth, 2001). Depending upon how robust the marketing division is within an organization, some options may prove to be inefficient, unaccountable, or imprecise due to a lack of recognizable metrics from which to conduct analysis. Regardless, there are numerous tools readily available to support critical, strategic decision-making. Tools that can provide the metrics for analysis and ongoing strategic planning (Andrade, 2003).

The focus of this discussion is the availability of information technology (IT) solutions that foster relationship equity in customer relationship management (CRM). If a longtime customer dutifully forwards a subscription renewal months in advance of the subscription expiration date, followed by an acknowledgement notice, then gets a phone call a month later asking if they desire to renew their subscription prior to its expiration, they ask themselves, "Why do I bother?" CRM is getting into the details of the customer base (West, 2001). That is, getting to a point where the customer is more than a statistic on paper. They are "family" in the eyes of the organization; someone who is valued for their patronage, who the organization will take the time to appreciate their worth, address their concerns, and solicit their input. If a customer comes back to the business more than once, they become an asset. As such, they provide the company a measure of customer lifetime value, or how often and for how long the customer base returns. The collective measure of all customer lifetime values is the company's customer equity. If the intent of a marketing campaign is to establish a measurable, hopefully substantial level of customer equity, tools are necessary to measure a quantifiable return on investment, providing strategic decision makers numerous options from which to choose. The right tool applied in the right place at the right time can lead to differentiation, key to marketing success and overall company profitability. Differentiation drives the need to improve a company's relationship with its customer base, establish and foster customer loyalty, and establish a lead with the competition (Fayerman, 2002). A win-win scenario – a win for the business, and a win for the customer.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM) – WHAT IS IT?

What is a customer? The answer lies in first categorizing customers. Customers are consumers, business-to-business customers, or internal customers. Each is handled differently, such as, to what functional area do they interact? What are their interests (Fayerman, 2002)? These questions can be answered by establishing historical records of the organization's customers. From these records, one can gain improved value equity, defined as "the customer's objective assessment of the utility of a brand, based on perceptions of what is given up for what is received" (Lemon, Rust, and Zeithaml, 2001, p. 22).

Well-kept metrics can be drawn from records that show improved relationship equity, "the tendency of the customer to stick with the brand, above and beyond the customer's objective and subjective assessments of the brand" (Lemon, et al., 2001, p. 22). Recognized influences on relationship equity include loyalty programs, special recognition and treatment, affinity programs, community-building programs, and knowledge-building programs. Loyalty programs reward customers with tangible benefits for specific behaviors or responses. Special recognition and treatment rewards customers with intangible benefits for specific behaviors or responses. Affinity programs can establish emotional bonds with customers. These programs link the customer-organizations relationship to some aspect of the customer's life. Community building programs can link the customer to other like-buyers and those with similar interests. Lastly, knowledge-building programs are known for creating structural bonds with customers that reflect a caring attitude by recognizing customer preferences. These actions

will make the customer less likely to go elsewhere and have to establish a similar high level of understanding and appreciation for the customer with that new company (Lemon, et al., 2001).

Given this understanding of the customer and what can be gained through customer data collection, one may ask what is this art of gaining such an understanding of one's customers. The answer lies in Customer Relationship Management (CRM), "the process of managing detailed information about individual customers and carefully managing all the customer "touch points" with the aim of maximizing customer loyalty" (Kotler, 2003, p. 72). CRM is an enterprise business strategy "that addresses all the ways that enterprises service their stakeholders," built upon a foundation of technology (Andrade, 2003, p. 38). That foundation consists of five pillars made up of robust database(s), high network speed/high bandwidth, tools to provide enterprise resource planning (ERP) automation of basic office functions, internet availability, and communications technology (Fayerman, 2002) (see [figure 1](#)).

From that foundation and its support pillars stand the purpose or products resulting from implementation of CRM. CRM metrics allow businesses to optimize revenue through trend forecasting, identify growth opportunities, make key management decisions, justify expenditures for marketing resources, and optimize and improve customer satisfaction (Fayerman, 2002 and Boyle, 2004). CRM allows an organization to "more effectively select, attract, retain, and even grow customers" (Fayerman, 2002, p. 58) and establish full knowledge of customer behavior and preferences in order to more effectively develop programs and strategies to encourage customers to continually enhance their business relationship with the company (Parvatiar & Sheth, 2001). It recognizes customer equity, establishing a "new approach to marketing and corporate strategy that finally puts the customer and, more important, strategies that grow the value of the customer, at the heart of the organization (Lemon, et al., 2001, p.21). It puts the customer first and shifts "the role of marketing from manipulating the customer" (a telling and selling approach) "to genuine involvement with the customer" (a communicating and sharing knowledge approach) (Parvatiar & Sheth, 1998, p. 2). Businesses that practice CRM get increased customer loyalty, effective sales efforts, and improved success rates (Andrade, 2003). The business and the customer become marketing partners.

HOW DOES CUSTOMER RELATIONSHIP MANAGEMENT WORK?

Customer Relationship Management (CRM) is not a "tool deJour" or fad approach to management to be implemented today and replaced tomorrow. It is a process that must be accepted and implemented by the organizational leadership. CRM is implemented as two distinct parts that must work synergistically for success; the customer and the tool(s). In order for the first part to be successful, an organization must choose to be organized around customer segments. These can be geographic (such as by city, region, climate zone, or population density), demographic (to include age, family size, gender, income, occupation, religion, nationality, or social class), psychographic (by lifestyle or personality), or by behavioral groups (to include occasions, benefits, user status, usage rate, loyalty status, readiness stage, or attitude towards particular products) (Kotler, 2003). The second part is the chosen CRM tool and acceptance of that tool and associated processes as a strategic pillar of organizational success. The chosen tool must maximize automation of processes and must be integrated institution-wide. Key capabilities of the tool are its ability to facilitate knowledge management, data warehousing, data mining, integrate with common office technology, and provide organizational portals (Fayerman, 2002).

Automation is achieved through several available software tools and technologies. The goal of automated tools is to individualize and personalize relationships with one's customers through the collection of relevant information with minimum operator input. Techniques found to be the most effective in developing enterprise-level solutions for customer interaction information management include collaborative filtering, rules-based expert systems, artificial intelligence, and relational databases. Finding the right tool to execute these various and effective tasks with minimal operator input (i.e., the system operates in the background) may seem daunting, but in reality there are tools that exist and have been found to be satisfactory in most if not all of these areas (Parvatiar & Sheth, 2001).

Central to any data collection effort is the data. CRM is used to collect and store personal information on one's customers. Such data can include one's client's interests and hobbies, birthdays, identify expectant mothers, and highlight necessary elderly parent care (Boyle, 2004). The intent is to develop a relationship. To make the customer feel as though they are more than a statistic to the organization. The data collected must be relevant and useful. Armed with such useful information, the organization can establish an array of actions in order to establish and maintain that business-client relationship. As stated previously, there are different types of customers. They are consumers, business-to-business customers, or internal customers, and each is handled differently. Development of the business-client relationship can be accomplished through the appropriate use of holiday cards to recognize the consumer's personal interests and periodic surveys sent out to identify and track specific interests. For business-to-business customers, an organization can employ lunch or dinner engagements to

identify preferences. For internal customers, email and other correspondence can be used and responses tracked. The intent is to identify opportunities to analyze contacts. As such a database of preferences and interests are developed, the organization must always keep in mind the need to ensure accuracy, reliability, efficiency and effectiveness in all correspondence (Boyle, 2004). This is achieved through use of a common database from which all users draw common data on clients, and provides flexibility to allow a client the ability to update their own data, i.e., via web interface.

The preceding discussion describes what is known as knowledge management. Rather than merely collecting information, that data is used for a specific purpose. In this case, it is to develop a relationship with the customer. Knowledge resources give on knowledge about the customer and the customer's product use of service quality. They provide an organization's management a level of knowledge of employee sales practices and client care insight. The data provides market intelligence and metrics centered on customer behavior and personal preferences. The data can provide knowledge of the competition's complementary services and products that customers are finding of interest. The data can illustrate how and why processes are destined and how they interest. It can provide knowledge of contracts or partner agreements, skills and competencies of employees, and bring to light the wants, needs, and aspirations of employees (Harris, 2003). Data is more than mere information. It is a tool that requires focus and comprehension. It is a critical piece of CRM.

WHAT CUSTOMER RELATIONSHIP MANAGEMENT TOOLS ARE AVAILABLE?

To answer this, available systems will be discussed starting with one of the most basic and familiar packages readily available. The rest fall into three categories: sales automation software, marketing automation software, and customer support and call center software (in some cases, a particular package may fall into all three) (West, 2001). Within these three categories, CRM software must tackle one or more functions. It must deliver a consistent and unified view of each customer throughout the organization every time that customer is dealt with, present the organization to the customer in a fashion that improves customer satisfaction and retention, and promotes the work efforts of front office-staff in the efficient performance of sales, service, and marketing tasks (Elliott, 2000). As each software solution is discussed, it will become self-evident which category and function(s) the software supports.

The first to be discussed, on the basic end of the spectrum, is Microsoft® Outlook® (Boyle, 2004). Microsoft® Outlook® is a basic personal information manager. It provides a calendar, a contact list, and in in-box for email. It serves as an effective tool for small businesses and organizations that are looking for a basic approach to interfacing with and managing electronic mail. It does have a couple of drawbacks if the intended use is to satisfy an organization's CRM requirement. All electronic transactions, incoming and outgoing email, contact lists, etc. are local to the machine the program is loaded on, and even when used to interface with an organization's mail server, it has limitations on sharing information, except for the most capable system administrator with the initiative to extend the program's basic uses throughout the organization. Further, the program lacks a systematic approach in maintaining contact information. There are data quality issues (updating stored information can be an arduous affair for a robust company), compiling and sorting is task-intensive, and the program lacks an inherent strategic focus, nor does it facilitate any level of organizational efficiency. In the end, Microsoft® Outlook® is more work than it is worth as a corporate-level personal information and customer relationship manager.

An alternative from Microsoft® to Outlook® is a solution that addresses all three categories outlined previously, the Microsoft Business Solutions CRM® (Anderson, 2004; Boyle, 2004). Addressing sales, marketing, and customer support, Microsoft Business Solutions CRM® is more than an electronic address book. To be effective, any CRM software solution must be "the central point for leveraging the relationship intelligence possessed by all members of a firm" (Boyle, 2004, p. 17). Microsoft® has developed a software package that provides sales force automation and customer service capabilities on a technologically advanced .Net platform. Microsoft® has tightly integrated this product with other Microsoft® office tools such as corporate e-mail (Microsoft® Outlook®) and a personal information management (PIM) application (Microsoft® Exchange®). Microsoft has recognized the most used sales tools in use today revolve around a contact list, a calendar, and email. For this reason, Microsoft® has made these software tools the central theme of the CRM software. For individuals on the road, connectivity with a server is not critical, as the software functions both on-line and off-line as a client or a stand-alone package. Further, the organization's database supporting this product can be accessed via a web browser (Anderson, 2004).

As described previously, a robust database is critical to a useful CRM application. Microsoft® Business Solutions CRM® offers an integrated database for storage of and access to information such as contacts, accounts, opportunities, competitors, and user activities. Additionally, the software provides applications to manages leads, quotes, orders, invoices, sales processes, product catalogs, and quotas (Anderson, 2004). Microsoft Business Solutions CRM®'s strength lies in its sales lead management processing capability. To this end, it manages the activities of many potential leads, can provide sales lead

identification and routing, lead qualification, lead assignment, escalation, and closing actions (conversion to contacts of accounts). As the system manages these lead contact efforts, the inherent automation of quotes and orders reduce human error and minimizes time lost in data entry. It provides improved demand management through sales pipeline visibility throughout an organization. After a sale is closed, the system provides post-sale customer service activities, such as tracking customer requests, managing customer support incidents from initial contact through resolution, and uses a common database with the Sales branch in order to share data. Tracking and assignment of issues are maintained through case management processes, and the software provides an integrated, searchable knowledgebase that allows publish, review, and posting of articles and support information useful for solving customer service issues.

Marketing software is helpful for those that seek the most useful information on their customers, and PeopleSoft offers a CRM solution that not only tracks customer data, but also provides predictive analysis of customer behavior through modeling. This can prove to be most helpful for those businesses that cover diverse markets such as financial service companies, universities, bill-collecting government agencies, insurance providers, and utilities (Bednarz, 2004).

Compatibility and interoperability of systems is critical to succeed in industry, and PeopleSoft CRM[®] addresses that concern (Ha, 2004). Given the many companies that rely on Microsoft[®] Outlook[®] or IBM[®] Lotus Notes[®] servers for client management, PeopleSoft CRM[®] provides a seamless interface to facilitate file sharing. For companies with distributed agents, such as in the insurance business, that rely on local or distributed web-based file systems, this can be of great assistance in synchronizing clientele data. Ensuring compatibility with complex, relational database systems, PeopleSoft is fully integrated with Oracle and SAP business suites (Ha, 2004).

Falling into the category of Customer Support and Call Center software, Talisma CRM is another useful CRM solution worth noting. Talisma provides customer service solutions that integrate email, chat, real-time (synchronous) collaboration, and telephony applications with "a mature, robust, multi-channel interaction management platform, comprehensive analytics, and a fully integrated, system-wide knowledge base and customer database" (Bernards, 2004). Their tools cover a range of capability from real-time, self-documenting collaboration that includes chat, email, and a fully integrated knowledge base.

Talisma CRM provides these capabilities through five software products. Talisma Self-service is a web-based knowledge base available 24/7 to provide fast, accurate, consistent answers to specific questions, reducing reliance on common, expensive email or phone support methods. Talisma E-mail Response provides tools that ensure inbound email is not mishandled, ignored, or otherwise not provided a timely response. Talisma Chat provides a company's website real time dialogue capability and collaborative browsing to support communications, online sales, and problem resolution. Talisma Campaign automates service, marketing, and sales organizations through planned and proactive e-mail, as it identifies, tracks, and maintains pertinent customer information. Lastly, Talisma Phone provides useful help desk software facilitating direct contact with a knowledgeable customer service agent. These features form into an organization's customer interaction hub, a web-enabled, customer-focused built-in knowledge base of problem solutions and marketing tools (Borck, 2004).

CUSTOMER RELATIONSHIP MANAGEMENT TOOLS – ARE THEY EFFECTIVE?

As with any new tool, there is an abundance of skeptics in industry who implement the tool with the expectation that if they invoke all of its capabilities, that it will rapidly increase profits. That may be the case, but only if used as intended (Songini, 2004). A key understanding of CRM success is the need to view the customer as an asset. For many organizations, this is requires viewing CRM as a whole culture or philosophy (Songini, 2004; West, 2001).

CONCLUSION

Customer Relationship Management is about the customer -- focusing corporate goals on the needs of the customer. Companies want return customers. Soliciting new customers is costly for any organization, where retaining customers and giving them a reason to return is less so (Kotler, 2003). CRM recognizes and provides the company a measure of customer lifetime value. For all customers, it also can provide a metric for a company's customer equity. If these values are on a downward trend, customers are leaving. If on an upward trend, the opposite is true. The former relates to decreasing profit, where the latter reflects increasing profits.

Collection of customer data and knowledge management, or the use of that data, is critical to the success of CRM, and the chosen IT solution must provide the capability to do both. Microsoft[®] Outlook[®] was presented first as a common tool for collecting information, but it has proven itself extremely limited in its ability to support true CRM as defined. Other tools

provided by Microsoft®, PeopleSoft, etc. were provided to show the difference between merely collecting information and using that information. There are many other programs currently under development that fit niche markets. Through independent research they may prove themselves useful for particular businesses. The choice of a particular IT solution is one that must be diligently researched to ensure it provides the right metrics for one's business.

Although the focus of this paper has been the identification of IT solutions available for CRM implementation within the organization, one must recognize that CRM, itself, is not just software. Rather, it is "an approach philosophy that focuses on building customer service excellence" (Elliott, 2000). To effectively employ CRM within the organization, five necessary steps must be followed. Senior management must create an effective CRM strategy that identifies "information and interaction process flows" between the customer and the organization, it must "integrate customer service functions," it must "transition from reactive to proactive customer service knowledge, shift to a customer-centered organization," and "measure success and value over time" (Fayerman, 2002, p. 60). CRM is a business strategy, and how it is implemented and embraced at all managerial and leadership positions within the organization will drive its success, as well as that of the organization.

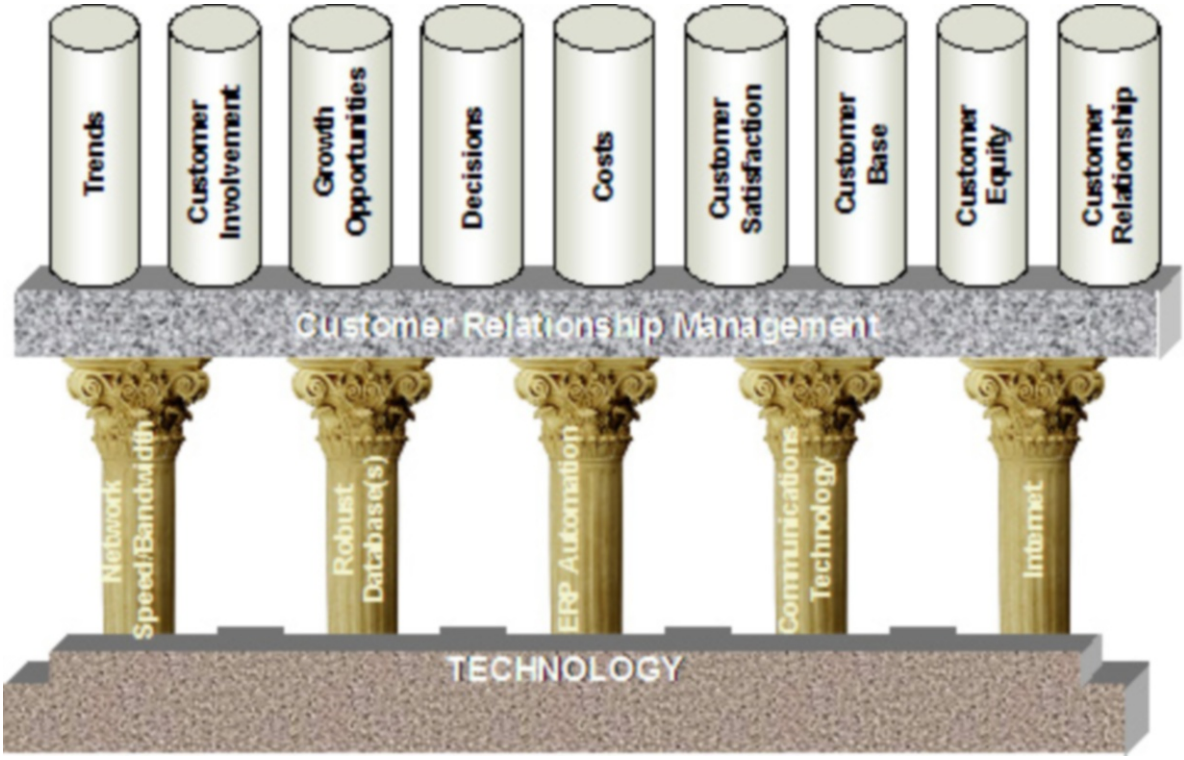


Figure 1: Pillars and Products

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UNDERSTANDING CONSUMERS' TECHNOLOGY ADOPTION: A MICRO-CULTURAL PERSPECTIVE ON INTERNET RETAIL TRANSACTIONS

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ABSTRACT

Integrating the Theory of Planned Behaviour and Technology Readiness concepts, this research models Internet transaction activities, relating them to attitude, social influences, facilitating conditions, self-efficacy, optimism and innovativeness. The study argues for moderation by cultural dimensions and for the need to explore such influences across multi-cultural societies within a particular nation of interest.

INTRODUCTION

Personal attitudes and social influences have long been recognized as playing important roles in consumer decision-making and behavioural intentions (Fishbein and Ajzen, 1975; Ajzen and Fishbein, 1980). Identifying the relative importance of each determinant of choice for a given action (e.g. the adoption of innovations) could be a useful step towards understanding why the behaviour occurs. Perceived behavioural control is argued as impacting behaviour and may be a predictor of behavioural intentions (Ajzen, 1985). Recognition that these intentions are determined by a) an individual's attitude towards performing the behaviour, b) the individual's perception of what relevant others think of the behaviour, and c) the individual's self-efficacy and ability to control resources in performing the intended behaviour, led Ajzen (1985) to develop the Theory of Planned Behaviour (TPB). Understanding of the TPB factors could provide a valid basis for explaining and predicting consumers' intention towards adopting technology, in particular electronic transaction behaviour (Netemeyer, et al, 1993; Choi and Getsfield, 2003) and so might enable online marketers to understand consumers' online shopping motivation.

As the Internet population becomes more representative of the mainstream population, the fact that online consumer controls the interaction is increasingly important (Park and Jong, 2003). While understanding consumer psychology, whether dealing with the virtual or the physical world, is at the heart of modern marketing, marketing via the internet demands insights into both consumer behaviour and how pioneering technologies challenge the conventional concepts, theories and models. If marketers understand how consumers make decisions, they can adapt their marketing plans and strategies to fit the online mode of business. Hence, there is a need to research the TPB construct in an e-business context.

However, TPB is not the only framework of relevance to online buying behaviour. Zeithaml et al's (2002) Technology Readiness (TR) concept is also posited to be a key determinant of electronic shopping behaviour. It is proposed here that combining the TPB and TR constructs provides a better predictor of consumers' intent in the adoption of technology. Initial inspection of these constructs suggests some overlaps and so their relationship requires exploring plus, since Zeithaml et al's framework has yet to be tested, this too requires investigation. However, even this combination of Ajzen's TPB and Zeithaml et al's TR constructs lacks the power of fully explaining behavioural intentions towards online transactions. Several studies (e.g. Henry, 2001) have reported antecedents to such intentions, providing justification for looking at the extent to which other influences mediate or moderate consumers' online behaviour. One possible and major influence is culture.

Consumers' adoption of the internet in an inter-cultural context has fascinated many researchers (Javernpaa and Tractinsky, 1999; Malhotra & McCort, 2001; Choi and Getsfield, 2003; Pavlou and Chai, 2002) Most of these studies, together with Hofstede's seminal works (1980, 2001), assume national homogeneity, using a single, mean value for each cultural dimension. We argue that such a 'mono-cultural' assumption cannot be applied to multi-racial societies such as Malaysia and the UK. Hofstede (2001) suggests that Malaysians are very risk-averse, but does that mean all four of its micro-cultures are equally risk-averse? These micro-cultures may have different perceptions and attitudes affecting their behavioural decisions and, indeed, Steenkamp, Hofstede and Wedel (1999) suggest the need to research within-country cultural heterogeneity. Few such studies exist but Raja Abdul Malek (2004) did find that micro-cultural issues are imperative in explaining the adoption rate of Internet technology amongst Malaysian travel agencies, which opens up a promising line of research.

Hence, this study proposes to explore technology adoption behaviour using the uptake of online travel-related transaction activities. For its conceptual foundations, the study draws on the Theory of Planned Behaviour and on Technology Readiness, but then explores the moderating effects of micro-cultural differences on intentions and actual purchase behaviour.

CONCEPTUAL DEVELOPMENT

The TPB (Ajzen, 1991) and TR (Ziethaml et al 2002) constructs imply that attitude, social influences, perceived behavioural control, facilitating conditions, self-efficacy, optimism and innovativeness directly influence consumers' intention to adopt online transaction behaviour. However, culture's influence on consumers' decision making is discussed extensively in the literature (Malhotra & McCort, 2001). Most studies show that culture's role is in how it affects attitudes, norms, and cognitive or psychological processes and so affects human behaviour and individual responses in the decision-making process. Hence, these relationships are examined in terms of Hofstede's (1980) cultural dimensions of individualism-collectivism; power distance; uncertainty avoidance; long/short term orientation and Trompenaars and Turner's (1997) specific-diffuse relationship. Perceived behavioural control, innovativeness and intentions are also examined for their effect upon the actual online transaction behaviour.

Individualism-collectivism: Collectivist societies have strong relations with the "in-group". Bond and Smith (1996) suggest such societies focus on maintaining harmony by going along with the group's wishes and promoting long-term relationships and that an individual's priority is to ensure the group's well being. Collectivist cultures expect to share personal thoughts and feelings and to trust "in-group" members. This leads to our assertion that collectivist societies would favour purchasing from online retailers who might be categorized as the extended group and the proposal that the relationship between attitude and transaction intentions is stronger in a collectivist society.

Furthermore, Steenkamp et al (1999) reported that collectivists' decisions are more likely to be influenced by social pressure since they are more concerned with others' opinions and are more likely to comply with others than are individualists. Social approval and conformity to group norms are valued and personal goals are suppressed. Therefore, it is proposed that the relationship between social influences and an intention to transact online would be stronger in a collectivist society.

Power distance: This too is closely associated with social influence. High power distance (PD) implies the acceptance of large status differences by less powerful individuals with superiors being autocratic and paternalistic, and subordinates doing as they are told (Hofstede, 2001). This assertion has yet to be tested within a multi-ethnic culture such as Malaysia or the UK where a potential for strongly different values and beliefs might affect adoption of online behavioural intention. It is thus posited that a positive relationship between social influence and online transaction intention is stronger in societal groups characterised by high power distance.

Power distance also affects self-efficacy. Hofstede (2001) noted that societies exhibiting a low PD index tend to have a greater need for technology. Hill et al (1987) further supported this claim in that self-efficacy is significantly related to the decision to use technology. Tabak and Barr (1999, p.252) also argued that "consumers with high self-efficacy are more active, attempt to proactively manage situations, and more likely to initiate innovative decisions, as opposed to those with low self-efficacy who avoid difficult tasks and are passive". Individuals with high self-efficacy can also relate to having positive attitudes towards older people instead of being either respected or feared at (Hofstede, 2001). It is assumed that if an individual is less confident, he or she may *either* depend on the others'/ elders' authoritative approval *or* disapproval prior to making innovative decisions to engage in online transaction activities. Hence, the authors propose that positive relationship between perceived self-efficacy and online transaction activities is stronger in a multi-ethnic society characterised by high versus low power distance.

Facilitating conditions: These impact the consumer's perceptions of control in their decision-making. With control being seen as more important in long term orientated (LTO) cultures, one might argue that LTO societies exhibit higher levels of control over their online transaction behaviour. However, this is not supported by research (Pavlou and Chai, 2002). Thus, it appears that technology overrides this cultural factor and that the online consumer's utilitarian nature and demand for control, less effort, and higher efficiency might be more characteristic of short-term orientated social groups.

Optimism: Here, there are very few studies and none relate optimism to cultural influence. However, Colby and Parasuraman (2003) found that technology optimists tend to need more control in life and are more prestige conscious; they would accept technology no matter how useful as long as they gain prestige. Abdullah (1996) stresses that, in collectivist societies, success is associated with filial loyalty and philanthropic activities that enable the benefactor to gain "face". In oriental cultures, face is a strong motivator to act in accordance with social position and loss of face or prestige is a major consideration. Hence, "face" pressure is more likely to drive perceptions of living up to expected standards and so creates technological optimists. It

is thus posited that there exists positive relationship between optimism and Internet transaction intentions, and should be more pronounced in specific (as opposed to diffuse) social relationship cultures.

Technology innovativeness: Individuals high in innovativeness are more strongly motivated to use new technologies and are less concerned about whether a technology is easy to use (Dabholkar and Bagozzi, 2002). Trying new technology is arguably associated with lower risk aversion and lower uncertainty avoidance (UA). According to Hofstede (2001) high UA consumers are less willing to change from established patterns, while their counterparts embrace the feeling that difference is worth exploring (Hofstede, 1991). Hence, societies that are characterized by high levels of uncertainty avoidance provide a cultural environment that is less conducive to innovativeness. Lyn and Gelb (1996) found a negative correlation between uncertainty avoidance and the penetration of technical durable goods and Steenkamp et al (1999) found that consumer innovativeness is higher in countries with low uncertainty avoidance. Thus a positive relationship between innovativeness and Internet retail transaction intentions is proposed with the expectation of it being higher in high UA cultures.

RESEARCH METHODOLOGY

This study plans to employ offline and online surveys using non-probability (quota) sampling in a population of working, graduate, Internet users, who will be asked about both their intention towards and their actual online travel services' activities. The rationale for this population is their likelihood of familiarity with the technology, of having used online purchasing, and of possessing a credit card (essential for most travel related services online). Furthermore, this population is demonstrably the largest group of Internet users in most developed countries (Bhatnagar and Ghose, 2003). The self-administered questionnaire based survey will be a single, cross-sectional study to avoid complications of developmental changes in both Internet infrastructure and online travel services market over time. Regression analysis will be used to test the relationship between behavioural intent and the independent variables. The moderating role of culture will be tested using a suitable approach (e.g. Baron and Kenny, 1986; Sharma, Durand and Gur-Arie, 1981).

CONCLUSION

This paper explores the potential impact of micro-culture on consumers' behaviour relating to the adoption of Internet transactions. In addition to extending knowledge on consumers' behavioural intentions and choice, findings on intra-cultural influences should help shed light on whether multi-cultural societies (e.g. Malaysia, UK) should be treated as homogeneous or heterogeneous when measuring cultural influence. The expected findings could have important practical implications for businesses on the Internet. The results could answer the question of whether technology adoption overrides intra-cultural differences. If so, it could save unnecessary expenditure of marketing resources. Alternatively, if cultural dimensions moderate consumers' online buying intentions, then businesses would need to adapt their marketing and segmentation strategies to fit both the mode of business and the micro-cultural context.

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**SPECIAL SESSION: STORE IMAGE – THEORY, RESEARCH AND REALITY:
A SOUTH AFRICAN PERSPECTIVE STORE IMAGE ATTRIBUTES THEORY:
LINDQUIST REVISITED**

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ABSTRACT

This paper is the first in a special session on Store Image. The primary objective of this paper is to provide a theoretical framework for the study of store image. Emphasis is placed on research (1974 – 2004) in comparison with Lindquist (1974-1975). Recommendations for future research are made.

INTRODUCTION

Defining the construct store image poses a constant challenge. The lack of clear delineations and variations in terminology are the major causes of this position. Lindquist's framework of store image was selected as a viable definition and categorisation of store image attributes. It proves to be comprehensive and incorporates both cognitive and affective components of store image. Lindquist's seminal work and contributions by other researchers were used as point of departure to identify and describe nine store image attribute categories namely: Merchandise, Service, Clientele, Physical facilities, Convenience, Promotion, Store atmosphere, Institutional factors and Post-transaction satisfaction.

The applicability of these categories for current research in a fast changing retail and consumer environment can be argued. Consequently, post 1974 store image literature were reviewed. Methodological trends were analyzed in terms of sample, sampling, modes of observation, technique of data collection, pre-testing of the instrument, scale, stimulus and treatment of data.

RESULTS

Differences and similarities with regard to Lindquist's proposed categorization were identified. A shift in the focus of store image research occurred. When considering research on the nine store image categories, a shift occurred for example from, Merchandise (prior 1975) to Store atmosphere (post 1975). Several concerns regarding methodological trends are raised, such as the dominance of self-report questionnaires that contain response formats generated by researchers which might not be meaningful to respondents. The necessity of qualitative research to support quantitative data is emphasized. The method of triangulation proposes a possible solution to some of these methodological issues. The dominance of females, students and adults as respondents together with relatively small sample sizes raise further questions regarding the generalization of findings.

CONCLUSION

No universal definition of retail store image attributes and the different categories of retail store image attributes could be found. Knowledge of consumers' perceptions of store image attributes is imperative taking into account new retailing trends and the changing consumer society, nationally and internationally. Methodological issues remain a challenge. The relevancy of this information for retailers' strategic planning to obtain a competitive advantage in the global market is evident.

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SPECIAL SESSION: STORE IMAGE – THEORY, RESEARCH AND REALITY: A SOUTH AFRICAN PERSPECTIVE CONSUMER PERCEPTIONS OF STORE IMAGE ATTRIBUTES

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ABSTRACT

This paper is the second in the special session on Store Image. This qualitative research focused on identifying those retail store image attributes perceived as important to female apparel consumers. Results indicated that Merchandise, Clientele as well as Service, in rank order, were considered as most important.

INTRODUCTION

The previous paper reports on the status quo of theoretical perspectives in the field of store image attributes. Theory remains “theory” without empirical evidence. This raises the question as to how consumers perceive store image attributes. Although no universal definition of store image exists all have in common that store image is based on the consumer’s perception of reality.

RESEARCH PROBLEM AND OBJECTIVES

The following research problem was formulated: What retail store image attributes are perceived as important to female apparel consumers and how do they perceive Lindquist’s proposed categories of store image attributes? The objectives of this study were: 1) to generate and describe retail store image attributes perceived as important to a selected group of female apparel shoppers and 2) to investigate how this group of apparel consumers perceives Lindquist’s nine categories.

METHODOLOGY

In this exploratory research, focus groups were used as method of data collection. The sample population (n=37) consisted of account holders who purchased apparel from a selected apparel store during a specific time period. Different age and population groups were represented. A facilitator conducted eight focus groups. The non-verbal quali-quantive Schutte Visual Scale was employed to quantify responses. Transcriptions of the focus group responses were used to compile composite lists of attributes that were refined according to Lindquist’s nine attribute categories. Aggregate ratings for each specific attribute and attribute category were calculated.

RESULTS AND CONCLUSION

The results were reported according to the above mentioned objectives. Merchandise and Clientele were perceived as the most important attribute categories followed by Service. Physical facilities were perceived as the least important. No attributes relating to Convenience were generated. Respondents’ descriptions of Lindquist’s nine attribute categories differed from those provided by Lindquist. Findings indicate that Lindquist’s categories could be considered as vaguely defined, not mutually exclusive, and in some instances excluding attributes perceived as important to the female apparel consumers included in this study. It could be concluded that Lindquist’s description and categorization of store image attributes should be refined to provide a more appropriate framework for future research and to assist retailers in the strategic management of store image.

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SPECIAL SESSION TOPIC: STORE IMAGE – THEORY, RESEARCH AND REALITY: A SOUTH AFRICAN PERSPECTIVE - TRANSFORMATION OF PEP

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ABSTRACT

This paper is the last in a special session on Store Image and reports a case study illustrating how theory and practice combine in the transformation of PEP, a leading South African apparel retailer. The implementation of the Blue Sky project opened up new opportunities for PEP to satisfy consumer needs.

INTRODUCTION

The South African Apparel Industry is a large, capital and people intensive industry. It is characterized by higher rates of imports than exports, unionized labor, and consumers spending an average of 6-7% of their income on apparel. PEP is a wholly owned subsidiary of Pepkor. PEP trades in more than 1100 apparel stores in Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland and Zambia and have approximately 8000 employees. PEP holds the most space and outlets for the same brand stores and is the number three apparel retail brand in Southern Africa. The PEP brand values and culture consist of honesty, passion and resourcefulness. PEP focuses on an identified market segment and the store image is strategically managed to adhere to the needs and wants of the target market. A process approach is followed for the implementation of a change in store atmospherics.

CASE STUDY

A photo gallery shows PEP competitors and comparisons with some UK stores. The “old” PEP and the implementation of the new store atmospherics concepts within the Blue Sky store are illustrated. Special attention is given to: external store environment, window displays, signage, interior store environment, adjacencies, floor systems and layout, window display and “quick wins” to cost effectively transform the previous store layout and atmospherics to the new Blue Sky concept stores. This is an imperative given that PEP has over 1000 stores situated throughout South Africa. A gradual implementation of Blue Sky is therefore inevitable.

RESULTS

The impact of the Blue Sky concept on PEP is evident in numerous instances. Results indicate substantial increase in stock turnover and revenue with opening sales records being broken by the 34 new stores. The Blue Sky concept opens the way for PEP to become part of the retailer mix in shopping centers and gives access to more consumers in search of better value merchandise. The new store atmospherics has positively influenced the perception of consumers and meets their approval. PEP remains a much sought after apparel retailer in South Africa providing “Lowest prices for everyone!”.

CONCLUSION

Apparel retailers that envisage expanding into Africa can gain insight into implementing changes in store atmospherics. The importance of acculturation in the development of “glocal” strategies is addressed. To successfully transform the store atmospherics of a large apparel retailer, such as PEP, depends mainly on efficient and strategic management of the process of change.

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BRANDING CORPORATE PHILANTHROPY

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ABSTRACT

Marx (1999) reported that 96% of firms rate a favorable company image as either an important or extremely important outcome of their philanthropic investments. The fact that corporate philanthropy offers marketing opportunities has not been lost on firms, which explains why the responsibility for philanthropic initiatives most often resides within Marketing/PR departments (Brammer and Millington 2003). Far from benevolent, it has been suggested that corporate philanthropy should be viewed as a marketing investment. In fact it has been suggested that, "corporate philanthropy is about marketing, not philanthropy" (Welsh 1999, p. 24). And, while some companies have enjoyed benefits such as: increased sales and higher sale prices (e.g., Mohr, Webb and Harris 2001) from their philanthropic efforts, many firms have failed to realize any strategic gain from involvement in philanthropy (Porter and Kramer 2002). In part, the poor and/or negative return on corporate philanthropy can be attributed to the sheer number of companies looking to leverage their philanthropic efforts (Smith 1994), with over 85% of U.S. companies now involved in some form of corporate philanthropy (Higgins 2002).

Despite its widely recognized ability to differentiate and create competitive advantage, and the success of firm-branded philanthropic initiatives such as *Ronald McDonald House*, the strategic use of branding in corporate philanthropy has received very little attention in the marketing literature. And yet branding is expected to have the same abilities to differentiate and influence purchase decisions related to philanthropic giving as it does for broader products and services. And even though Hoeffler and Keller (2002) introduced the notion of corporate societal marketing branding strategies, there has been no empirical test of the effect of branding strategy upon firm-cause alliance (FCA) effectiveness. The current study seeks to address this gap by investigating the effect that different FCA branding strategies have upon consumer attitudes. In so doing, the current paper builds upon the nascent body of research on branding in corporate philanthropy. The paper also extends previous research on corporate philanthropy that has largely been focused on issues such as firm/charity fit (e.g., Sen and Bhattacharya 2001), and on firm-charity relationships in which the firm partners with an external "branded" charity. Finally, the paper offers important insights for managers seeking to maximize value from their investments in corporate philanthropy, and thus heeds Joseph's (1991) call for more professional management of corporate philanthropic initiatives. The paper begins with an overview of the three approaches to FCA branding introduced by Hoeffler and Keller (2002). Next, brand alliances are discussed and a number of hypotheses, concerning consumer attitudes towards the different FCA branding strategies, are drawn from a review of the extant literature on products and corporate philanthropy. Results from an empirical study of consumer attitudes towards different brand strategies follow.

A total of 201 useable surveys were gathered using mall intercepts. Mall intercepts were seen to offer a number of advantages over other sampling methods but most importantly it allowed the researchers to address Dean's (2003) concern regarding the use student samples in corporate philanthropy research. Specifically, participants were presented with and asked to evaluate three branding options for an FCA between a hypothetical company and a well-known charity. The fictitious company was described as "a respected leader in the health services field" to satisfy the criteria of trustworthiness and expertise set out by Newell and Goldsmith (2001), to address concerns of firm-charity fit, and to control for consumer biases or negative perceptions concerning the firm. .

While it was found that participant perceptions of the firm's commitment and effort on behalf of the charity, had an effect on the participant's decision to support that firm's philanthropic initiative (e.g., a cause-related marketing program), it was also found that participants often chose the branding option that they perceived would deliver the "maximum donation" to the charity partner. And perhaps this latter finding explains why just over forty percent of the sample preferred the *co-branded* option despite scoring it significantly lower on key attributes such as firm commitment and effort. Ultimately, participants evaluated the two "branded" options more positively than the more traditional *co-branded* option, with very little difference between the *jointly-branded* and *self-branded* options.

Implications for marketing practitioners and future research opportunities are discussed.

References available upon request

CONSUMER AUTHORIZATION: ACQUIESCING TO INFORMED CONSENT IN HIGH RISK SITUATIONS

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ABSTRACT

Gaining informed consent is a legally mandatory requirement for multiple business areas. Reports most prominently from the medical arena indicate the incomprehensible content and ambiguity of written informed consent documents, and the conflict that results in identifying whether or not an individual who gives consent is truly informed. This study explores factors that may influence an individual to acquiesce and give informed consent when they are truly not informed.

INTRODUCTION

In virtually all aspects of consumption behavior consumers give authorization to others (i.e., experts) in the form of informed consent to not only engage in particular activities, but also to be administered service. For example, we give consent to doctors to perform physical examinations, surgery, administer medicines; to teachers to educate us; lawyers to defend us; mechanics to repair our automobiles; finance professionals to manage our money; sales personnel and companies to charge our credit cards; operators of extreme sports (e.g., bungee jumping) to allow us the thrill of sometimes near-death experiences; and to faceless entities online to access our personal and private information. With little or great risk, and almost seamlessly on faith, consumers entrust their lives and physical and emotional well being to service providers everyday. This study explores this behavior by seeking to understand why consumers choose to acquiesce to informed consent often without understanding what they are consenting to and what the possible outcomes may be. It is posited that under conditions determine to be high risk, variation in degree of acquiescence will become evident.

INFORMED CONSENT

Medical researchers have sought to determine what is the meaning of consent, and further, what does it mean for a patient to be informed of the informed consent (Fuller et al. 2002). In examining the limitations of informed consent, O'Neill (2003) defined consent as a "propositional attitude, given in the first instance not to another's action, but to a proposition describing the action to be performed" (p. 5). Legally, informed consent documents must be based on three elements: (1) the patient must understand the procedure, its risks, potential benefits and alternatives; (2) consent must be given willingly and without duress and (3) the patient must be mentally competent (Roan 1998). However, a majority of consent documents used in medical procedures is incomprehensible to most patients and excludes the specific benefits, risks, alternatives, or potential complications of the procedure (Hopper et al., 1998). As a result, patients sign documents with vague understanding of what they are consenting to, and specifically what the consent applies to. As medical service environments are legally mandated to request informed consent of each person treated, (Hopper et al. 1998; McIlwain 1999) the medical setting is recognized here as a most suitable context to explore consumer authorization in the form of informed consent to explicate the concept of acquiescence under high risk situations.

ACQUIESCENCE

Acquiescence, defined in the psychology literature is the tendency of people to agree with sentences or items that involve ambiguous attitude statements, irrespective of their content (Krasner and Ullmann 1973). Research on acquiescence since the 1950's and 60's, has operationalized acquiescence as a personality trait that negatively affects respondent responses, resulting in biases in self-reporting measures (Couch and Kenniston 1960; 1961; Cronbach 1942; Fisher and Katz 2000; Knowles and Condon 1999; Knowles and Nathan 1997; McGee 1967). Conceptualized as a response bias, acquiescence has been described by personality researchers and measurement specialists as a dishonorable phenomenon (Knowles and Nathan 1997) that maybe a source of irritation (Knowles and Condon 1999) especially for behavioral researchers.

Acquiescence here refers to the tendency of an individual to relinquish power and control of his or her personal well being to an authority figure. It is a multidimensional construct existing in degrees ranging from high to low. A change in the degree of acquiescence is posited to be based on three elements: (1) individual's perception of the nature of a *response request*, (2) the perceived authority of the inquirer and (3) the perceived risk of undesirable outcomes. This operationalization of acquiescence suggests several factors that are likely to be strong influences of acquiescence under high risk situations, namely; comprehension, knowledge, intimidation, powerlessness, trust, self protection, and social

norm. Both the psychology and marketing literatures lack studies of acquiescence where the behavioral tendency to acquiesce is considered in terms of degrees. Furthermore, conditions under which variation in the types of acquiescence might occur are less explored. One possible reason for the relative absence of research is that the conceptualizations of acquiescence have been limited, and as such, existing instruments do not adequately capture the dynamics of the construct, nor the various facets. To this end, a new measure of acquiescence is required.

References Available Upon Request

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THE IMAGE CONGRUENCE HYPOTHESIS: A META-ANALYTIC REVIEW

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ABSTRACT

Numerous studies have explored the relationship between consumer purchase decisions as a function of the match between the consumer's self-image and perceived product image. This phenomenon has been termed "image congruence" and essentially implies that people *are* what they *buy*. The abundance of image congruence studies have produced a mixture of findings due, in part, to variations across research designs. This paper provides a meta-analysis of the empirical findings in the image congruence literature to explore the generalizability of the image congruence effect and moderators of the effect. Additionally, because of the idiosyncrasy of the research paradigm used to investigate self-image congruence, particular attention is paid to research design issues, such as type of sample used, types of traits used in image congruence measurement, data collection methods, brand name use, image congruence operationalization, and type of scale used. Combined effects across empirical studies show that the effect of image congruence across consumer outcomes, such as attitude toward the product, product preference, and purchase intention, is robust (effect correlation coefficient=.34). Recommendations for future research are discussed.

CONSUMER, REGULATORY AND COMPETITION POLICY ISSUES IN THE GLOBAL AIRLINE INDUSTRY: AN EXPLORATORY ANALYSIS IN ALLIANCES AND MERGERS

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ABSTRACT

This paper discusses and analyzes global airline alliances and mergers and their impact on consumer, regulatory, and competition policy areas in the European Union and the U.S. Based on a literature review of the airline industry, marketing and public policy, and international law, the paper tries to explain those conditions and circumstances that lead to airline alliances and mergers. It is expected that in the coming years, more alliances and mergers will be sought by airlines in the EU and the U.S. These activities may bring opportunities as well as create problems for marketers, policy makers, and regulators. The significance of this work lies in its timeliness and relevance to the ongoing debate of airline alliances and mergers and their impact on consumer and marketing areas.

The global airline industry in both developed and developing countries continues to be hampered by inward-oriented protectionist policies, creating inefficient markets and cumbersome rules. From a consumer point of view, this has created problems and endless hassles. The paper has three purposes: (1) to analyze growth of airline alliances and mergers in the post-deregulatory environment; (2) to evaluate consumer, regulatory, and competition policy/antitrust issues in the EU and the U.S.; and (3) to investigate the impact of alliances and mergers on consumers and regulatory agencies.

In the last eight years, airline alliances and mergers have been on the rise in the EU and the U.S. This is attributed to deregulation, multi-carrier tie-ups, growing passenger traffic, and advances in electronic ticketing worldwide. In the post deregulatory environment, more alliances and mergers have been pursued and seem to be an attractive option. As of 2004, the four large airline alliance groups include Star Alliance, OneWorld, SkyTeam, and Wings. These alliances encompass over 35 national and private airlines worldwide. The Star Alliance is managed by United Airlines and Lufthansa and is the largest market shareholder (23.9 percent), serving 126 countries and 673 airports worldwide. Typical activities in airline alliances include bilateral agreements, code sharing, joint business and marketing operations, and open skies treaties. At the global level, even the established airlines are unable to perform these logistical functions alone. Of course, in any airline tie-up, consumers receive benefits by using new routes although alliances may also create delays and overburdened networks. It is interesting to note that today's airline industry is global in its operations but highly national and country-specific in ownership rules and regulations. The airline industry helped spread the globalization process but has not become part of it.

In the global airline industry, marketers need to understand the complexities of alliances and mergers, competition policy, and antitrust laws across their national borders. The areas of national cultures and competition policy definitely play a critical role in multi-carrier alliances, mergers' due diligence, and cross-border activities. In the coming years, airline mergers and alliances cannot be avoided because of industry consolidation and financial difficulties. Regulators on both sides of the Atlantic will continue to monitor and review airline alliances and merger proposals in their peculiar ways unless the EU and the U.S. renegotiate a bilateral open skies treaty. Unlike the U.S., the EU has liberalized its aviation market because of its enlargement and foreign competition. In conclusion, the lessons learned from airline alliances and mergers are as follows: (a) marketers need to understand their global regulatory environments before seeking an alliance or a merger; (b) in the absence of a global open skies treaty, competition rules have to satisfy a multitude of national regulations and laws; and (c) treatment of merger control and competition policy areas may not be perceived and applied in the same fashion worldwide because of differences in legal philosophies and protectionist policies.

References available upon request

**BURNING FOR FUN OR MONEY:
ILLICIT CONSUMER BEHAVIOR IN A CONTEMPORARY CONTEXT**

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ABSTRACT

Illegal duplication of copyrighted materials has become a prevalent form of music distribution and is a form of illicit consumer behavior. Through various free file-sharing services, an untold number of individuals can have ready access to both old and new music (some of which has never even been released) at any time and from any place with a connection to the Internet. The Recording Industry Association of America (RIAA) claims that much of the recent loss of revenues within the industry—nearly 25% between 1999 and 2003—is attributable to illegal downloading (Mamudi 2003). That figure amounts to an estimated \$300 million in revenues per year (Langenderfer and Cook 2001) and represents a decline of 31% in units shipped since 2000 (Wade 2004). One estimate has the total loss of revenues from illegal downloading rising from \$2.4 billion in 2003 to \$4.7 billion by 2008 (Morris 2004). Considering the sheer number of downloaders—one estimate places their numbers at 60 million (Taylor 2003)—and illicitly downloaded digital products—2,300,000,000 files each month (108th Congress 2004)—it is clear that the illicit download and sharing of copyrighted materials is an extremely important phenomenon both in terms of its detriment to the industry and its disregard for copyright protection.

We define the illegal download of music and other copyrighted materials as *illicit behavior*, differentiating it from aberrant consumer behavior. Illicit behavior, like speeding, is one that is defined as illegal but is not necessarily considered to be unethical by the general public whereas aberrant behavior is that which is both illegal and considered unethical. Either way, any form of “abnormal” behavior shares certain characteristics with “normal” behavior (Fullerton and Punj 1993; Fullerton, Kerch and Dodge 1996). In particular, participants in such behaviors consider value as a primary motivator (Holbrook and Corfman 1984), which can parsimoniously be divided into two categories: utilitarian value and hedonic value (Arnold and Reynolds 2003; Babin, Darden and Griffin 1994). Working from this distinction, we believe that the type of value pursued by the participant of illicit behavior will likely affect how others judge the act on an ethical level. We also believe that the economic value of any material obtained illicitly will influence the ethical judgments of others.

In considering downloading activity, we also include the notion of anomie, conceptualizing it as an individual state of social instability associated with a degradation or rejection of standards and traditional values. Following Moschis and Cox (1989), it captures the extent to which a consumer would conform to normative expectations. We hypothesize that anomie is related positively to ethical judgments (i.e., questionable acts are rated as more ethical under conditions of high anomie).

Using the MES scale developed by Reidenbach and Robin (1991), we develop a model that is used to test the ethical assessment of downloading behavior based on a hedonic or utilitarian distinction and a condition of anomie. Further, we tested the effects of both the value condition and anomie condition on the attitudes and intentions of consumers. One hundred and twenty seven undergraduate university students were presented with a scenario that described an ambiguous college student illicitly downloading music. A 2 X 2 between subjects design was embedded in the scenario: a manipulation of the motivation—hedonic or utilitarian value—and the economic value to be received—10 songs and 250 songs.

The study revealed several key results. First, the results demonstrate that individuals view downloading for utilitarian value as less morally ethical and socially acceptable than that if it is done for hedonic value. Second, consumers did not judge the behavior as more unethical on any dimension when the economic benefits or worth are described as relatively large rather than small. Third, the results revealed that attitudes toward illicit downloading and intentions to participate in the behavior are more positive when the motivation is described in terms of hedonic value rather than utilitarian value. Furthermore, the study shows that, with higher amounts of anomie, perceptions that the downloading behavior is morally equitable increase. Ultimately, though additional research into the phenomenon is certainly required, it is clear that consumers’ ethical judgments, as captured by the MES, do play a role in both judging the behavior and predicting attitudes and intentions.

References available upon request

THE ROLE OF SELF-EFFICACY IN PREDICTING TECHNOLOGY ACCEPTANCE

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ABSTRACT

The paper examines the self-efficacy as an external variable that is expected to provide further insights to increase the explained variance of the theoretical model. Overall, self-efficacy was found to influence cognition perceptions and emotional reactions. Specifically, self-efficacy was found to play a substantive role in shaping individuals' attitudes via a cognitive route (perceived usefulness and ease of use) and an affective one (pleasure and dominance). However, the absence of a significant effect of self-efficacy on the other dimension (arousal) was interesting. The research made important contributions to scholarly research and have implications for managers.

INTRODUCTION

There is a growing recognition that additional explanatory variables are needed to understand an individual's technology acceptance. Besides the omission of affect, the evidence indicates that self-efficacy could influence the process of adoption especially in the consumer context. Specifically, this paper aims to answer three main research questions. First, does self-efficacy play an important role in shaping the effect of cognition in high technology adoption? Second, does self-efficacy play an important role in shaping the influence of affect in high technology adoption? Third, do cognition and affect mediate the effect of self-efficacy on attitude toward adoption?

DISCUSSION

Specifically, self-efficacy was found to be positively related with perceived usefulness, ease of use, pleasure, and dominance. In other words, the more confident and comfortable consumers feel with a high technology product, the more likely they view it as useful, consider it to be easy to use, enjoy using it, and feel more in control (less anxiety) of it. Interestingly, self-efficacy had no effect on arousal meaning that individual skill judgments did not appear to drive feelings of excitement with regard to innovative technology. The direct effect of self-efficacy on attitude was not found to be significant. Thus, the results of this study showed that the effect of self-efficacy on attitude was mediated through cognition and pleasure.

In sum, self-efficacy was found to play a substantive role in shaping individuals' attitudes via a cognitive route (perceived usefulness and ease of use) and an affective one (pleasure and dominance). The absence of a significant effect of self-efficacy on the other dimension (arousal) was unexpected and more research is called for to identify the conditions under which self-efficacy acts as an antecedent to certain affective variables.

WORD OF MOUSE: EXPLORING CROSS-NATIONAL OPINION LEADERSHIP ON THE WEB

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ABSTRACT

Past literature has identified opinion leaders as “individuals who acted as information brokers intervening between mass media sources and the opinions and choices of the population” (Feick & Price, 1987). Opinion leaders are considered important to marketers for the body of knowledge they possess (Asseal, 1984), for the information they transmit to others (Hawkins, 1983), and for their ability to influence transactions (Rogers, 1983). Cafferky (1996) suggests the primary influencer in word-of-mouth communications is the opinion leader. Opinion leaders include such people as market mavens (Cafferky 1996). However, while market mavens have a general marketplace knowledge or expertise, the influence of opinion leaders derives from product specific knowledge or expertise (Feick and Price (1987). Therefore, we would expect that Internet opinion leaders would report high levels of knowledge related to buying products on the Internet. In fact, Kwak, Fox and Zinkhan (2002) suggest opinion leadership is the most important personality variable for predicting Internet purchasing behavior.

With few exceptions, little work has been done to explore the cross-national effects of opinion leadership on the Internet (Pechtl 2003; Kwak et. al. 2002). This paper examines Internet Opinion Leadership behavior using a sample of on-line computer users. Respondents included 80 Canadians and 58 Americans. Sixty-four percent of the sample is in the 19-35 age category, and half of the sample had been using the Internet for 5 years or longer.

To measure Internet Opinion Leadership (IOL), a 6-item scale was developed and modified for use on the Internet using concepts from Flynn, Goldman and Eastman (1996) as a guide. This scale was pre-tested with a group of college students who are active Internet users. The scale was measured using a 7-point Likert-type scale, ranging from “strongly agree” = 7 to “strongly disagree” = 1. Scale items and descriptive statistics for the sample are provided below. Cronbach’s alpha for the scale is .9142 (Chronbach 1951).

Internet Opinion Leadership (IOL) Scale

- IOL1.** My friends and neighbors often come to me for advice about the Internet.
- IOL2.** I sometimes influence what my friends buy on-line.
- IOL3.** People come to me more often than I go to them for information about the Internet.
- IOL4.** I like suggesting new websites to my friends.
- IOL5.** When I suggest a website to my friends, they usually check out the site.
- IOL6.** My friends consider me knowledgeable about websites.

Factor Analysis resulted in a single common factor for the items. To examine characteristics of Internet Opinion Leadership, the sample was first divided into Internet Opinion Leaders and Non-Internet Opinion Leaders. Demographic data were then examined for the two extremes of the construct. The Chi-square results were significant by country, income, age and gender. While both the United States and Canada had more Internet Opinion Leaders than Non-Leaders, the greatest percentage of Internet Opinion Leaders was in the United States. When examining individual t-tests for the 6 items in the IOL scale, we found 5 of the six items revealed significant differences between respondents in the two countries. For t-tests between male and female respondents, all but one of the items resulted in significant differences. MANOVAs were also examined for income and age categories. All 6 items revealed significant differences. Four of the items showed significant differences for the number of years on the internet.

Past research has shown females are more typically market mavens; however, our research shows Internet Opinion Leaders are more likely male. This is an interesting result as retailers typically target female shoppers. These results suggest firms may need to target male shoppers as opinion leaders on the Internet. With respect to country results, the U.S. respondents have stronger attitudes toward opinion leadership on the Internet than Canadian respondents. This finding may be due to a lead/lag market effect since Canada lags behind US in terms of Internet adoption, resulting in fewer adoptions and fewer opinion leaders in Canada.

References available upon request

**FROM GOUGING OUT EYES TO THE MARK OF THE BEAST:
AN EXPLORATORY INVESTIGATION INTO CONSUMER CONCERNS ABOUT IDENTIFICATION
TECHNOLOGY**

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ABSTRACT

The use of technology to identify consumers has been discussed extensively in both the popular press (c.f. Krim, 2004; Jones, 2004; Vijayan, 2004) and in the general academic literature (c.f. Alterman, 2003; Peyravian et. al., 2000; Rejman-Greene, 2001). However, scant attention has been afforded to these technologies in the marketing literature. This is surprising, since biometric devices such as fingerprint and iris scanners, as well as smart card identification systems, continue to grow in popularity (Channel Business, 2002). Such technologies are finding use not only in settings requiring high security (e.g. airports and nuclear facilities), but are increasingly used for reasons unrelated to security, such as providing convenience to the consumer and information to the marketing entity (Brass, 2003; Capizzi, Ferguson, and Cuthbertson, 2004; Stock, 2004). Biometrics and radio frequency identification devices (RFIDs), in particular, offer a number of benefits over traditional identification methods. For instance, there is no password for the consumer to remember and no identification card to lose. Further, transaction times are generally faster, identification accuracy rates are higher, and it is harder for consumers to disavow legitimate purchases (Rossi, 2004).

Although new identification methods offer a variety of benefits, few new technologies have generated more controversy; the issue of collecting unsolicited data using these technologies will clearly be debated well into the future. For instance, groups espousing strong religious beliefs feel that the radio frequency identification technology firm Verichip Corporation offers a product that will serve as a catalyst for an apocalyptic showdown between the forces of good and evil (Scheeres, 2002).

Further, biometrics and RFIDs have been criticized for setting a rather dark precedent, conditioning students at a young age to embrace the idea of Big Brother-style biometric tracking. According to the associate director of the Electronic Privacy Information Center, "If ever there was a generation that would not oppose a government system for universal ID, it's this one (Graziano, 2003)." Others have expressed concerns that increases in screening and surveillance technologies will make the whole world look like one giant airport (Emery, 2004). If technology firms don't allay these fears, escalating public resentment may effectively ban valuable implementations of the technology (Cline, 2004).

Clearly, numerous concerns have been expressed regarding identification technology. However, perhaps because of the novelty of the topic, no academic research has been devoted to uncovering dimensions underlying consumer concerns about these technologies. The focus of this research is to identify dimensions of consumer apprehension regarding identification technologies. Further, the authors seek to determine whether consumers' concerns can be used to predict the likelihood of their acceptance of various biometric and RFID technologies.

This two-phase study seeks to uncover consumer concerns regarding various identification technologies that may be encountered in present and future retail environments. In the study's first phase, 170 subjects were asked to describe, in writing, concerns that they might have regarding six identification technologies: keychain tags, retina (eye) scanning, facial scanning, voice recognition, fingerprint scanning, and computer chip implants. Approximately two thousand concerns were examined. Based on this information, a scaled survey instrument was created to quantify the previously identified concerns. Using factor analysis, five dimensions of consumer concern emerged: privacy, ethical, health, humanity, and complexity. Consumers' willingness to adopt the various technologies was measured and a prediction model was developed using the factor analysis scores. All five factors were highly significant predictors ($p < .001$) of consumer willingness to adopt and/or recommend a specific identification technology. The general prediction model, describing willingness to adopt identification technology as a function of privacy, ethical, health, humanity, and complexity concerns, is as follows:

$$Y = 3.025 - .555X_{\text{privacy}} - .401X_{\text{ethics}} - .602X_{\text{health}} - .595X_{\text{humanity}} - .359X_{\text{complexity}}$$

References available upon request

DEVELOPMENT PROSPECTS IN E-MAIL-MARKETING – CONCEPTION AND LATEST EMPIRICAL FINDINGS

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ABSTRACT

Against the background of a sharp increase in the e-mail-marketing spendings over the past years this paper presents a systematisation of instruments in e-mail-marketing. Based on two 2004 replications of empirical studies in the field of e-mail-marketing the author summarizes the main results of these new studies and derives implications for the further development in e-mail-marketing.

INTRODUCTION

Market communication faces nowadays much larger challenges than ever before. The quantity of potential contact channels (“Customer Touch Points”) has multiplied (e.g. fax, e-mail, SMS, MMS, interactive TV). The same applies to the possible reaction channels for the consumer. Classical market communication shows a striking deficiency. Against this background more and more companies align to direct marketing. Market volume for addressed/partly/not addressed advertising mail, advertisements/supplements with response element and telephone marketing in Germany amount to 18,4 billion Euros (Deutsche Post AG 2002, page 23). Additionally there are considerable expenses for e-mail marketing (1,3 billion Euros), fax as well as SMS advertising.

Furthermore the consumers’ behaviour has become more volatile. This multi-option considerably lowers the reliability and exactness of forecasts in the market. On the one hand productive information and communication technologies (IuK) facilitate the construction, the servicing and the continuous enlargement of extensive Datawarehouses and thus speed up numerous sequences concerning planning, realization and control of modern direct marketing procedures. On the other hand these data quantities do not reveal at first sight, which criteria out of the multitude of data fields are really relevant and selective for the campaign management in the direct marketing (cp. Ceyp, p. 868). Finally the approach of the Customer Relationship Management (CRM) has released a decisive change of views concerning marketing target values of the companies, away from product life cycles to that of customer life cycles; proceeds orientated customer management supersedes bureaucratic product management. Summarized today’s marketing ranges in an unprecedented area of conflict between tremendously risen customer demands, a highly competitive contest and technology field and a sophisticated mix of instruments, which requires a complete integration of marketing procedures especially in the area of communication.

INTEGRATED (DIALOGUE-)MARKETING AS CATEGORICAL IMPERATIVE IN CRM

CRM requires an orientation of all marketing instruments towards the “customer profitability” and “potential” as well as the costs of market work. The contact – and servicing channels, however, partly show considerable differences of costs. So the range per contact for instance may reach from about 5 cent for an e-mail shipment to about 5 Euros for a qualitatively up-market direct mail and 10 Euros for a qualified net outbound call as far as to several hundred Euros for the visit of an outside sales representative. From marketing’s point of view each Customer Touch Point has to be valued in detail referring to its different efficiency and effectiveness. Dynamical planning and control of integrated communication is still decisively impeded by the fact, that both factors efficiency and effectiveness necessarily vary from customer to customer in a considerable way! That means there is automatically no advantageous resp. disadvantageous Customer Touch Point for the communication with the customer. In fact the challenge is to identify with the help of established data base analysis that Customer Touch Point for each specific customer (!), which situation offers the optimum cost benefit relationship.

SYSTEMATISATION OF INSTRUMENTS IN E-MAIL-MARKETING

Basis for further remarks is first of all a broad definition of e-mail marketing. Thus “e-mail marketing” is marketing via e-mail. A systematisation of concrete forms of appearance in e-mail marketing firstly differentiates, who is the sender of the communication. In accordance with manifold literature in the Call Center area (cf. e.g. Thieme/Steffen p. 41, Stevens p. 128) e-mail marketing can be distinguished between active and passive e-mail marketing from the companies’ point of view. In the active e-mail marketing (“push”) the initial (communication) impulse comes from the company – similar to the outbound telephony. In contrast passive e-mail marketing (“pull”) comparable with inbound telephony will be demanded, if the customer addresses an inquiry via e-mail to the company. In the active e-mail marketing the first impulse comes from the

company. An appropriate pool of e-mail addresses, owned by the company or bought at listbrokers, establish the necessary starting requirements. For this strong legal requirements have to be observed to avoid undesirable spamming. With the keyword "Permission Marketing" the so-called "double-opt-in procedure" has been accepted as standard of e-mail address generating in the meantime. That means the customer mentions his special consent to the e-mail delivery twice, before he is actually registered.

As further criteria for systematisation in e-mail marketing the differentiation in "ad hoc" and "standard communication" is suited. Standard communication summarizes all communication activities, that are ex ante automated in the scope of stipulated rules. For this a sufficient degree of foresight is necessary (e.g. customer's birthday). Then the running processes can be nearly automatically deposited as communication rules in sophisticated campaign management systems (e-mail greeting card for a customer's birthday). If those systems reach a sufficient (differentiation) depth, then the addressee will get the impression of a profoundly individual one-to-one communication. Certainly modern campaign management systems are expensive and even if on the basis of hardware and software technical progress more and more (communication) activities in e-mail marketing become rules, a certain area is still left to ad hoc communication. Short-term recalls of products via e-mail or as well the e-mail complaint of a big client to the management belong to that for instance. The tendency of a progressive standardization in e-mail marketing can be recognized. The following further analysis concentrates on active e-mail marketing in the scope of standard communication.

ACTIVE E-MAIL-MARKETING IN THE PROCESS OF STANDARD COMMUNICATION

E-mail marketing has to be understood by companies as systematic management process. At the starting point of successful e-mail marketing concepts consequently you find an established situational analysis. Basis should be an intensive data analysis of the stored company data. In this context methods of data mining can be applied as well (cf. Ceyp, p. 112ff). For instance such analysis reveal certain product preferences or cross selling affinities. Subsequent to the situational analysis the verbalisation of operational targets for the e-mail marketing follows. Typical targets in practice are for instance gaining 5 percentage points of customer loyalty with the means of an e-mail newsletter. In shoptalk aims of gaining prospects by means of e-mail marketing are vehemently contended. Apart from legal problems this is not finally due to the fact, that in such cases hired e-mail address lists of brokers have to be reverted to, without the possibility of estimating their origin, topicality and suitability of the target group.

During the phase of realization lots of operative problems have to be solved, which cannot be completely touched here. The bow reaches from creative decisions over the assortment of products down to technical questions. As well organisational decisions have to be come to, as for instance self-dispatch versus dispatch with service providers. After the e-mail dispatch has taken place, the first results already arrive within a few minutes for the purpose of control of success. This firstly deals with the "hard bounces" and "soft bounces". Hard bounces will rise, if the used e-mail address is wrong or the given e-mail address has been closed by the user in the meantime. Soft bounces will exist, if the e-mail address cannot be temporarily appealed to, e.g. because the incoming mail has an overflow.

Apart from these first already revealing evaluations especially html e-mails are suited to tracking, how many recipients actually have opened the received e-mail. The click on hyperlinks can be reproduced via placing of individual session ID's. Besides further individual personal reactions (e.g. purchase, no reaction, info demand) enter into the data base for the refinement of data ("qualification"). Then the sophisticated (action) analysis of success starts and based on the established reaction behaviour of customer further (follow-up) actions can be derived (e.g. repetition, modification). It can often be noticed, that the success of an e-mail marketing action decisively depends on the expectancy, which the company has built up at the recipient.

EXPECTANCY OF E-MAIL-MARKETING

What does the addressee and recipient expect of companies e-mail marketing? Which habits of usage does he have and where can his preferences be found? These are central questions, which are answered in the following. Basis for that is an empirical study, which the author has carried out in 2004 as a replication of a 2001 study (cf. Ceyp 2001, p. 14f.; Ceyp 2002, p. 112f.). For this 465 users of private e-mail accounts (2001: 300) have been asked in a personal interview by means of a standardized questionnaire. The results show important success factors for the usage of e-mail marketing in the b-to-c field:

- E-mail recipients would like to have e-mails with information and service functions first; nearly without exception pure promotional and sales mails as well as mails for "image cultivation" are approved.

- Hyperlinks in e-mails will never be clicked on from 13% of all interviewed parties referring to own statements (2001: a third), a third of the interviewed parties are sometimes attracted by hyperlinks to view new sites (2001 only a fifth!).
- Promotional e-mails may at most reach the recipient's e-mail account by means of direct permission ("Permission"). This is expressed by more than 72% of the interviewed parties (2001: 87 %). Only 3,9 % could imagine a spreading of e-mail addresses via listbrokers.
- In different production fields a serious spreading of e-mail acceptance can be noticed. The recipients differentiate priority concerning personal interest in a product. An exceptional position is held by the trade. More often than in other industrial sectors here the customers would like even to be informed weekly by e-mail.

The only briefly outlined results of the 2004 and 2001 interviews show, that successful e-mail marketing raises a big challenge on the data base marketing owned by the company. So the knife edge between desired e-mail, which meets the personal product involvement of the recipient, and the disapproved e-mail spam is really delicate. A qualified assessment of these facts will be merely performed by a detailed analysis of the in advance generated customer knowledge made available by the customer. This statement especially applies to the e-mail newsletter: An explosive risen field of e-mail marketing in the last months.

INVESTIGATION OF SALES ORIENTED E-MAIL NEWSLETTERS

Against this background totalling 200 sales orientated newsletters of the b-to-c field have been extensively analysed by the author at the University of Applied Sciences in Wedel as a replication of a 2002 study (2002: 120 newsletters). For this a two-phase framework from the recipient's point of view has been chosen as analysis pattern. In the order phase 16 criteria per newsletter have been raised. In the following phase of supply more than 48 criteria have been evaluated, including the possibility of cancelling, too. Founded on this extensive basis the results presented important success factors for the use of sales orientated e-mail newsletters in the German speaking area:

- In 67 % of the newsletters the order form could be found with maximum one click (2002: 87%). To order the newsletter of the study's tailend 15 (!) clicks were required.
- Nearly 9% of the companies ask as well for the (postal) address at the registration for the newsletter (2002: a fifth). This procedure can be understood from the companies' point of view, but it deters potential newsletter subscribers.
- The proportion of companies, which allows a further personalisation of their newsletter has almost doubled from a unexpectedly low 18 % in the year 2002 to 34% in the 2004 study. Personalisation establishes real added value for the recipient of an e-mail newsletter, so that a stronger personalisation from the science point of view has to be demanded to increase the efficiency of e-mail newsletters.
- The proportion of companies, which uses a double-opt-in registration, is just scarcely a third. In the course of the general discussion concerning spamming it can be expected, that the rate will visibly increase in the medium-term.
- The rate of newsletter that were registered for and then finally did not found their way to the recipients is amazing. At least 28% of all e-mail-newsletters did not reached the recipient.

It can be clearly seen in these selected results, that there is considerable room for improvement referring to e-mail newsletters. Only if the companies succeed in overcoming the partly significant opposition on the recipient's part permanently and reliably, then a part of the mostly huge hopes towards e-mail marketing will be fulfilled.

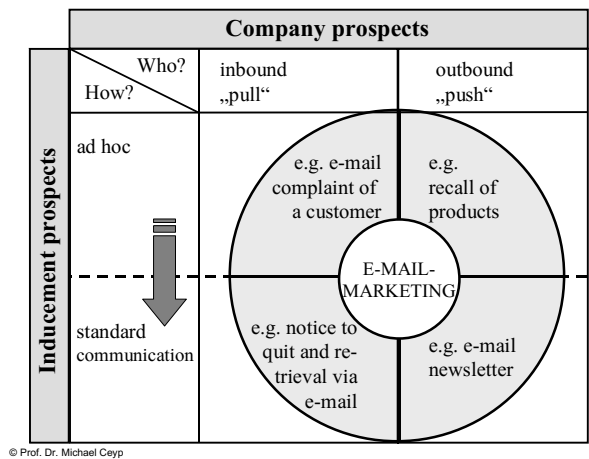
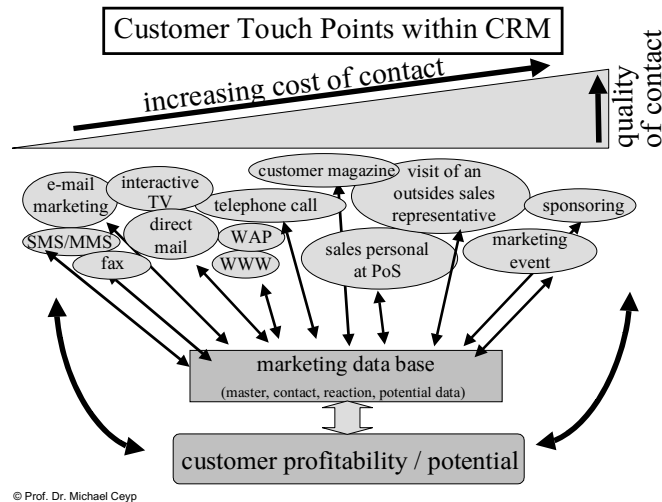
THESIS FOR FURTHER DEVELOPMENT OF E-MAIL-MARKETING

Companies, which like to run successful e-mail marketing, should even today take into account the following developments in their planning against the background of the gained results:

- The further expected increase of e-mail marketing will be accompanied with a lower effect in observation by the recipient. So Forrester expects nine (!) advertising e-mails per day per household in the USA in the very near future. Especially the specific e-mail forwarding referring to personal product interest of the recipient has to be seen as a critical success in front of this scenario. This aspect has to attach intensive importance in the data base marketing of the company.
- The companies should further professionalise the field of e-mail marketing to achieve the intended aim efficiently. Here it has to be strictly warned against exaggerated expectations. Under no circumstances can e-mails cure the weak points of other means of communication, nor will a good e-mail design tide over a less use orientated content.

- The rate of transmission will be further differentiated as well. The trend passes from mass e-mails over to multiple personalised mails for part target groups – with a few hundred recipients, too. Therefore the data base marketing should reserve a corresponding data base field for the individual desired e-mail receiving frequency.
- The obtaining of legal mandatory permission for the usage of e-mail addresses has to take place by means of all communication channels! The written channel through classical mailings is very rarely used. In contrast to this the mining by internet click fields especially referring to top target groups reaches its limits.

Summarized a considerable potential of improvement in e-mail marketing in Germany can be objectively noticed. If you consider the ambitious targets of companies and the spent efforts, so a further proceeding professionalism in e-mail marketing can be expected within the next few years.



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HIDDEN DATA QUALITY PROBLEMS IN CRM IMPLEMENTATION

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ABSTRACT

Poor Data Quality can have a severe impact on the overall effectiveness of an organisation. Data quality problems often do not become apparent until CRM projects are underway and budgets have been set (English 1999b). This paper uses illustrative case study examples of problems encountered when implementing CRM.

INTRODUCTION

The literature is now replete with guidelines for successful CRM implementations and case examples highlighting success factors (Crosby 2002; Sheth and Sisodia 2001; Winer 2001). By contrast few papers focus on CRM failures and problems. This is to be expected since much of the CRM literature is (co)authored by vendors of CRM software and other related services. Data quality problems, which are prevalent in many CRM implementations, receive limited attention in the literature. Few organisations account for these problems when planning a CRM project. This is often because data quality problems do not become apparent until the project is underway when the time and costs required to address them can be very substantial and beyond the project budget limits (English 1999b). However if not addressed in a timely manner, poor data quality can impact on operational costs, customer satisfaction, effective decision-making (Redman 1998) and, importantly, on employee confidence in CRM. This paper focuses on data quality issues that emerged in a CRM implementation in a large European telecommunications company. It illustrates how data quality issues were hidden until the CRM implementation was well underway and how failure to build in budget and time to address potential problems jeopardised the success of the project, particularly amongst user groups. The paper begins with a brief review of the literature on data quality and this is followed by a description of the case study company and methods employed to collect case data. Three data quality problems that emerged in the course of CRM implementation and their impact on the project are discussed in the findings and discussion section. The paper concludes by considering ways that companies could address hidden data quality problems.

LITERATURE REVIEW

Data and information are strategic enterprise resources. Quality information enables competitive advantage and business effectiveness and is an inherent and integral part of business management (English 1999a; Ramesan 2004). High quality, well-integrated customer data is the cornerstone of a successful CRM project. It is crucial when eliminating excess operational costs caused by redundant data, and when trying to improve revenue through better customer targeting and retention (Peikin 2003; Ramesan 2004). Good quality data enable CRM strategies to be more effective and efficient but many organisations are failing to invest in improving the quality of their data (Abbott et al. 2001). English (1999) states that information quality today is getting worse and that in some companies it is so bad that it is an enterprise threat. CRM's potential to improve customer service and increase revenue has been prevented in many cases by inconsistent data sets that prevent the organisation having a clear unified profile of each customer. Gartner has reported this problem to be widespread and has found that more than 75% of organisations engaged in CRM initiatives cannot combine a comprehensive view of a customer with actionable, personalised advice to customer sales and service agents (Krill 2001). It is estimated that poor data quality costs businesses \$611 billion per year in the United States alone and only 33% of businesses feel confident in the quality of their organisations data (Leman 2002). Similarly, a recent study conducted by the Data Warehousing Institute suggests that poor quality data can result in losses of 10 to 25 percent of organisations' revenues (Chettayar 2002).

Data quality indicates how well enterprise data matches up with the real world at any given time (Leman 2002). There are many sources of "dirty data"; Cutter Consortium (2001) identified the following sources:

1. Poor data entry, which includes misspellings, typos and transpositions, and variations in spelling or naming.
2. Data missing from database fields
3. Lack of company wide or industry wide data coding standards.
4. Multiple databases scattered throughout different departments or organisations, with the data in each structured according to the rules of that particular database
5. Older systems that contain poorly documented or obsolete data.

Data warehousing has exposed terrible data quality problems that only become realised when a company tries to integrate disparate data for CRM (English 1996). Inconsistencies between the ways in which information is held by different units may not matter until this data is made enterprise-wide and used to analyse customers. Data that was sufficient for operational systems has often proved insufficient for CRM databases or data warehouses (Faden 2000). Furthermore, traditional back office systems require a limited number of people to process data whereas in CRM, almost everyone in an organisation interacts with part of the application. This results in a higher probability of poor data as there are more people interacting with the data. In a similar vein, web-based data entry can complicate data quality problems. A competent data-entry clerk has an average error rate of between 2 to 4 percent. By contrast, the error rate on the web is between 10 to 15 percent since it is members of the public that are entering the data (Krill 2001). However, poor data quality impacts on trust and confidence in expensive CRM systems especially amongst sales and marketing staff who are often in the 'front line' of trying to realise the benefits of CRM. As Abbott (2000) found in her study about customer data held within databases in the UK, that virtually all respondents agreed that more data helped marketers to do a better job but that the data had to be good as bad data hindered campaigns and eventually leads to mistrust. In summary then, more attention needs to be given to making expensive CRM infrastructure actionable by improving data quality (Kapochunas 2002) and senior management need to support quality initiatives to improve their chances of success (Foss et al. 2002).

RESEARCH METHODOLOGY

The overall aim of this ongoing research is to find out how one organisation has dealt with data quality as part of their CRM planning and implementation. More specifically, the research is examining how the company is planning for and addressing data quality issues and the reasons why certain approaches and not others have been adopted. This case study company is a leading provider in the European telecommunications marketplace. Its key activities include the provision of fixed line switched telephony services and associated value-added services such as voice-mail; call management services and so on, both in retail and wholesale markets. It has a strong market leadership position in its domestic market and is the key supplier of infrastructure services in wholesale market. Access to company staff in all the various departments involved in the CRM implementation was agreed at the most senior level within the company. Additionally, access to the vendor of CRM software solutions and other related services was also agreed. In the case of the company and its suppliers access was granted on the basis of various confidentiality agreements.

At the beginning of the research secondary data which was collected in the form of business case reports, management reports and project history repositories to provide a basis for socio-historical referencing and implementation of their strategy for data quality and to supply information about any future marketing strategies that are being developed. After analysing the secondary data senior management and other staff within the Information Technology and Business departments were interviewed to find out how these strategies were being implemented. These two departments were selected first since they are primarily responsible for the development and execution of CRM strategies and are ultimately responsible for data quality. At each new milestone in the CRM project, staff in these departments are re-interviewed. At this stage of the research, staff in the Marketing and Sales departments are also being interviewed since they are key users of CRM data. In the section that follows three data quality problems that emerged early in the company's CRM implementation and the attempts made to address them are discussed.

FINDINGS AND DISCUSSION

This company has been involved in implementing CRM strategies from the late 1990's and is currently involved in a full overhaul of their systems, which involves implementing a new database to integrate all customer data. As a result the quality of the data that has been housed within their separate databases across the company has become a key issue. In 2000 the company made a first attempt at customer data integration that involved migrating data from old legacy systems to a new central database. This was an operational database (i.e. a database that supports the daily running of the organisation). Data was initially migrated to the central database and then periodically data was exported out of it back to the legacy systems and back again as part of the operational running of the systems. The importing and exporting of data resulted in a number of data quality problems. To illustrate, when data was exported from the new central database back into a legacy system, it undid some of the customer address matches that had been performed by the new database, a problem that had not been anticipated. Other problems were uncovered with the data that had been stored in the new central database, which included poor matching of individual customer records, duplicate customer records and missing fields. These problems increased support and maintenance costs for the new database and, importantly, failed to engender support for the new database amongst users within the company. A business consultant on the project explained that the marketing department took information from the central database but it did not add value to them; marketing processes did not alter to take advantage of what the new data

integration database might have provided. Within the systems overhaul a review of the business processes was necessary; how the data will actually be created and used. To this end, the overhaul involved simplifying the database architecture to make it easier and more cost-effective to support. An identified priority was the integration of a number of call-centre systems along with the data that supported them. This would mean making a large amount of data available to customers via self-service channels. Thus, data quality has become a key issue since poor data quality could result in loss of customers and revenue. This review has uncovered significant data quality issues that were missed during the first iteration of the database and three of these will now be discussed in more detail.

Example One: Difficulties Matching Customers

Data on customers were recorded in separate legacy systems. The migration of these data from a series of old legacy databases to a new central integrated database uncovered significant problems. Normally in such situations this would be achieved by matching post/zip code data, which is employed in most consumer markets across Europe and the US as a 'unique' customer identifier along with some address detail such as house number. Unfortunately the European domestic market in which this company operates does not have any post/zip code system. As one of the principal business consultants reported, "Somewhere between 30% - 40% of all customer addresses are non-unique and only made unique by the person who lives there. So if a person moves and you have two addresses that are alike then you can't trace the customer. Our company have a slight advantage of having their own database which stores the location of all the cables and where they go but trying to match that up to physical addresses is pretty difficult."

This problem is not just isolated to this organisation but to all types of business within the region. For example, to operate the postal system efficiently, highly knowledgeable mail sorters and postmen are required to deliver the mail. They have to be familiar with every single street name and house number in order to be able to sort the mail correctly first time and deliver it efficiently. This is particularly the case in rural areas. Many rural homes have no house number, and so the delivery of the mail depends on the postman knowing exactly who is living in which house. This is all the more difficult in areas where many people share the same surname. The lack of post/zip code also prevents customers ordering goods via the internet as this is usually a mandatory field within any order form online. As part of the customer matching process being conducted within the company, it was discovered that within one state in the region there can be 20-30 houses sharing the same address and also the same surname. This resulted in the possibility of a one in thirty chance of matching customer data correctly and thus, no match was possible. These customers had to be stored as separate customers within the new database. The result of this scenario is that it is impossible for this company to tell exactly how many customers they have due to the same customer being stored multiple times within the database. Now that the problem has been recognised, the company is considering implementing a new 'unique' customer identifier that includes 'year of birth' as well as address.

The matching process was complicated further with other data quality problems, such as missing fields within customer records stored in the old system and address formats being stored differently. To illustrate, within one legacy system address was stored with number and street name in one field called 'address line one' but then in another it is stored as number in 'address line one' and street name in 'address line two'. Trying to merge this data is very difficult as the matching software will not make a match due to the fact that the two fields contain different data, yet they may refer to the same customer. The data migration process failed to tackle the fundamental issues of data quality (conformance to standard, existence of duplicates). Consequently, the new database included all assumptions and data quality issues from the original legacy systems that the data was migrated from. Flawed assumptions and contradictory business rules that existed in the original legacy systems were migrated into the new central database. There was an obvious lack of any type of data management strategy within this phase. The solution to this problem would be to invest in a data cleansing tool which will reformat the data within the old system before it is migrated to the new database so that only clean data is stored in the new one.

Example Two: Data Entry in Call Centre

This organisation has a call centre which deals with inbound and outbound calls. Typically, call centre the staff are incentivised by the speed of answer, i.e. how many calls they could answer in one working shift. With this focus on the speed of customer transactions, call centre staff did not focus nor did they understand the importance of the quality of the data that they were entering. Historically within the company customer data was collected via the call centre but not used for data mining and customer analysis. Thus, little priority was attached to the quality of the data collected. This meant it did not really matter that default codes were input into the system so long as the call centre agent throughput more calls in a working shift. Of course the company's shift to a CRM strategy meant that the quality of the data that was entered at this contact point

had to change as the data would be needed for data mining, for analysis of the effectiveness and efficiency of various marketing campaigns, and so on. In order to address this problem staff within the call centre will have a measure of data quality included in any coaching sessions. Part of the employee review process will include how staff have handled a call, whether they have used proper lookups and undertaken a proper search for an existing address before entering a new one, and so on, all of which adds in a very practical way into their rewards and performance measurements. The financial implications for this are considerable and add to an already overstretched CRM implementation budget. However, this should improve the quality of the data that is being collected within the call centre. Unfortunately, it does not solve the problem of the quality of the data already stored on the database or the data that is being gathered via the self-service channels.

Example 3: Data Entry via the Web

For the company, objectives of the CRM implementation include improvement in operational efficiency and achieving an acceptable level of customer intimacy. In order to accomplish these objectives the company is attempting to encourage more customers to use the self-service channels such as the web or Interactive Voice Recognition (IVR) systems. However, it was soon realised that the financial implications of actually implementing this system were going to be somewhat more than was originally budgeted. Specifically, a whole new set of data validation rules for internet channels would need to be designed and implemented. For example, if a customer uses the web to order a new product and they cannot remember their username and password, they can create themselves as a new customer and, without data validation rules, there will be no way to match the new account to an existing account. Designing and implementing data validation rules on the web may seem a relatively straightforward operation. However, the costs involved are very substantial due to the resource commitment required from the IT department and the technology required. Quite simply, the company does not have the money in the CRM budget this year to implement this data validation programme. The IT team have advised against this but senior management suggest that this 'dirty data' problem can be addressed next year when money can be set aside for this purpose. Of course this is not an unusual scenario in CRM implementation projects however; it implies that the senior management team have not fully committed to the idea of improving data quality.

CONCLUSION AND FURTHER RESEARCH

These examples from the case study illustrate the data quality problems that can emerge when transferring data from old legacy systems to new integrated customer databases in CRM implementation. Each of the examples reveal that it is not always possible to identify data quality problems and, more specifically, the extent of these problems, at the system specification stage and most certainly, it is difficult to estimate in advance the time and budget that will be required to address them. It could be argued that the case company should have recognised in advance that problems would arise in matching customer data held in various legacy systems due to the lack of a 'unique' identifier such as post/zip code. However, this company has worked very successfully in its domestic markets without post codes in the past; the company remains market leader in its domestic market. Even when problems are recognised at an early stage, it may still prove difficult to address them. The examples relating to data collection points illustrate the dilemmas that companies face. The changes to staff remuneration within the call centre will have an impact on the quality of data that is now being collected from customers. However, the organisation is encouraging customers to use self-service channels and the problems with data validation via the web channel needed to be given a higher priority and not put off until next year when the problem of 'dirty data' will be much worse and more costly to rectify. It is very difficult when dealing with limited budgets to decide where the money would be best spent.

As more and more organisations are regarding the data they store as an asset, it is essential that a comprehensive data management strategy is put in place at the beginning of any CRM implementation. The problem needs to be addressed as an enterprise wide problem with an enterprise wide view of providing a solution. An enterprise wide solution is also required to resolve problems of relating to the ownership of the central integrated customer database, the CRM 'powerhouse'. Separate legacy systems are 'owned' by the departments within the company that houses them. Thus these departments are responsible for and accountable for 'their' data. As data is migrated from these legacy systems to an organisation wide central database, issues of data ownership along with data responsibility and accountability arise. Put simply, 'who now owns the data'? In this case study company and others in our experience, in the absence of establishing clear ownership responsibilities in advance of CRM implementation, data is owned by the Information Technology department by default. One way to resolve these problems on an enterprise wide basis is to appoint a 'Data Governor'. A Data Governor role is a senior management position which involves taking full responsibility for driving any data management strategy, data ownership issues and places data quality issues at the top level of company management. This has proved to be quite successful within the European banking industry (Kelly 2001). Finally, further research is needed to identify other hidden data problems and how these are being

resolved. Too often CRM case studies present implementation issues in far too positive a light. Not all problems encountered are solvable, and not within reasonable time and budget limits.

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DETERMINANT FACTORS ON THE SUCCESS OF ADOPTION OF B2BEC FOR MANUFACTURERS (SMEs) IN SINGAPORE

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ABSTRACT

This study examines the success factors of business to business electronic commerce (B2BEC) adoption by Manufacturing SMEs (Small and Medium-size Enterprises) in Singapore. The data suggests that a well-defined market strategy and readiness to allocate resources to support the adoption are the factors for successful adoption and implementation of B2BEC.

INTRODUCTION

The application of Internet technologies for conducting inter-firm business transactions has given rise to a boom in business-to-business (B2B) electronic commerce. Electronic procurement and electronic catalogue management systems have been widely adopted to move corporate purchasing and sell online. In addition, a variety of electronic markets have been set up to facilitate inter-firm transactions and broaden market access for buyers and suppliers (Giaglis et al., 2002). Yet, although there are many success stories about the application of Internet technologies in this area of B2BEC that have been reported over the past several years, overall, the progress of B2B e-commerce has been hindered by many unanticipated technical, organizational, economic and legal challenges that diminish its value (Farhoomand et al., 2000), especially in the context of Asia (Lynch and Beck, 2001). This study was aimed at identifying the success factors for adoption of B2BEC among SMEs in Singapore.

BACKGROUND

Benefits from Networked B2B-EC applications include rapid data exchange, low inventories, and quick response, which require a high degree of interaction and some degree of system integration between supplier and customer (Archer and Yuan, 2000). A key challenge for B2BEC is overcoming the difficulty in data interchange between supplier and buyer. The traditional use of B2B, such as EDI, seems beyond the resource capacity of many small and medium manufacturers (Paulson, 1993). The innovative B2BEC as an Internet-based option provides a means of achieving the desired degree of interconnectivity without a huge investment and greater technical complexity (Chau and Jim, 2002).

The significance of the general nature of B2BEC on the Internet-base is clearly highlighted in the management literature, and it may potentially go further to actually the traditional forms of activity in the “manufacturing supply chain” (Archer and Yuan, 2000). One great advantage for the manufacturers is that the information exchange between a manufacturer and its buyers and suppliers can be both direct and quick, which allows a manufacturer to produce products and deliver them to customers quickly. The approach allows a manufacturer to move away from a production-oriented culture to a customer-focus (Mukhopadhyay and Kekre, 2002). Such focus on providing customized products may prevent a manufacturer from maintaining a high-level finished goods inventory and avoid the problem of having obsolete stock.

The potential benefits of B2BEC include online communication integrated with the information systems of business partners. This communication leads to the potential of customized products and service, a more diversified global market, better understanding of customers’ needs, real-time accurate information exchange, and cost-efficient productivity (Lucking-Reiley and Spulber, 2001). First, the B2BEC can be applied as a fast and efficient mean of communication between companies in the whole distribution chain (Torre and Moxon, 2001). Customer orders, order confirmations, transport booking, invoicing, etc., will increasingly take place via B2BEC. The B2BEC also can apply to planning techniques, such as sales forecasts, production plans, up-to-date sales figures, stock levels, etc., to which strategic partners will often have on-line access (Skjoett-Larsen, 2000).

According to Lucking-Reiley and Spulber (2000), expectations about productivity gains from B2B-EC can be usefully divided into four areas: Possible efficiencies from automation of transactions; potential economic advantages of new market intermediaries; consolidation of demand and supply through organized exchanges; and changes in the extent of vertical

integration of companies. The power of B2B-EC is that it allows a manufacturer to reduce costs, and even more importantly, information from all sectors along the chain can be manipulated to exploit growth opportunities (Sohal et al., 2002).

CONCEPTUAL MODEL

Although manufacturers may judge the success of B2BEC by financial indicators, the clear objective of marketing strategy (Quelch and Klein 1996), and management commitment and support (Avlonitis and Karayanni 2000; Oxley and Yeung, 2001) are considerable organizational factors that determine the success of adoption of B2BEC. Factors related to information technology (Torre and Moxon, 2001), business processes (Chen and Swatman, 2002) and a firm's external environment (Eit et al., 2002) are key ingredients as well. IT related factors include the level of integration between online and back-office applications, and informational and transactional capabilities of online systems. Business process factors include standard and procedures for interactions with customers and trading partners. Also, an external environment conducive to e-commerce success depends on the readiness of buyers and suppliers. By choosing the levels of appropriate e-commerce factors, manufacturers can achieve operational excellence in day-to-day operations. The measures include the extent of business conducted online, the production of goods procured online, the percentage of buyer service requests resolved online, and the order-delivered cycle time.

Based on the comprehensive review of literature above, an empirical survey (Wirtz and Kam, 2001) of B2BEC, and the empirical study of success of adoption of EDI (Paulson, 1993), in this study, it was hypothesized that B2BEC adoption of the manufacturer SMEs may be driven by the four broad factors (i) the appropriate object of Marketing Strategy (Cooperate Image, Business Opportunity, Market Share, Sales, Stronger Link with Suppliers, Reduced Cost), (ii) Internal Factors (*Organization Readiness*: Adoption Preparation, Resource Allocation; *Organization Barriers*: Initial Cost, Technical Expertise, Resistance to Change), (iii) Information Technology Factor (Share Data with Existed System, Easily Integrate with supplier and Customers via Internet, Easily Retrieve for Decision Support, Continuously Monitoring of, and (iv) Governmental assistance (Educational Support, Financial Support, Human Resources Support).

Data Collection

This is an exploratory study that examines the factors contributing towards building B2BEC successfully for manufacturers (SMEs). The main method used to collect data was questionnaire interviews through face-to-face, telephone and web surveys of employees in manufacturing. As the numbers of B2BEC in Singapore is limited, to make the study as comprehensive as possible, a minimum number of organizations having B2BEC websites and traditional channels were studied. The organization must have some success with the implementation. The sampling size is 100.

Initially the questionnaire was issued in person to interviewees whose company has been involved in e-commerce application with a request to complete the questionnaires if possible on the spot. In addition, questionnaires were emailed to companies that have an e-commerce web site and they were requested to return their responses within two weeks. At the end of the two-week period, a second email was sent with a reminder letter together with a copy of the questionnaire. Most questions were structured as five-point scale items or categorical items. Some open-ended questions were also used to gain further understanding of certain issues.

A five-point Likert, category and dichotomous scale were used to collect most responses. The final questionnaire consisted of 40 items for 5 factors that influenced the success adoption of B2BEC, related to marketing strategy, internal factors (organizational readiness and barriers), information technology factors, and government assistance.

Dependent Variable: Success of Adoption

We decided for ease of collection to use the satisfaction of adoption as our dependent variable. Respondents were asked to indicate their satisfaction of adoption of B2BEC.

Independent Variable

Although manufacturers may judge the success of B2BEC by financial indicators, factors related to the objective of marketing strategy, the internal factors, information technology, and the government's assistance are also key ingredients related to the firm's success of adoption. The objective of marketing strategy relevant to the success of the adoption are related factors and include enhancing corporate image, creating new business opportunities, enlarging market share, establishing stronger links with supplier/buyers, increasing sales, and reducing the cost of information. The internal factor

conducive to e-commerce success depends on the readiness of organizations for resources allocation and preparation and barriers for the organization to adoption, such as larger initial cost, lack of technical expertise, and the staff's resistance to change. IT related factors include the level of integration between online and back-office applications and informational and transactional capabilities of online systems. Also, an external factor conducive to adoption and success depends on the government's readiness and support in terms of education, financial, and human resources. Respondents were asked to indicate the extent of their agreement regarding the importance of those factors on the success of adoption.

For the independent variables, principal component analysis with varimax rotation identified some factors for marketing strategy, internal factors, information technology factors, and government assistance that had eigenvalues greater than 1. Marketing strategy, information technology factors, and government assistance were not required, because only one factor was extracted. Two factors, namely, organization readiness and organization barriers, are of relevance to interpreting the internal factors.

RESULTS

Only those companies that had web sites and also used traditional channels of business were included in the study. Two hundred fifty (250) companies were contacted face to face, by telephone, email, and approximately 40 percent response rate. Approximately, 40 percent of the respondents are wholesalers; 17 percent are distributors; 30 percent are manufacturers; and 13 percent are retailers. Of those companies, approximately 35 percent had 50 or fewer employees, 10 percent had between 101 to 150 employees, and 55 percent had more than 151 employees.

Multiple linear regression was used to generate the results shown in [Table 1](#). Two of the six independent variables, namely marketing strategy and organization readiness, were found to correlate significantly with success of adoption. An adjusted R-square of 64.4 percent resulted from the full model with all independent variables included ($F=36.781$, $sig, < 0.000$).

CONCLUSIONS

In the present dynamic environment, B2BEC may be a critical tool for manufacturers to share information between their buyers and suppliers. The pressure that manufacturers are facing is not only reducing the cost of production, but increasing the quality and the timeliness of new product development and services. In a fast and dynamic environment, B2BEC may offer advantages of high quality products and services, low cost, and timeliness information in responding to customer inquiries. By exchanging information with suppliers, it enables a manufacturer to streamline its internal operation processes quickly and respond faster to buyers' shifting demands.

Although many firms have made significant progress in developing B2BEC, there is an untapped potential there to improve the buyer/supplier relationship and the entire value chain. The firms surveyed, most do not have any form of online transactional or informational sharing capabilities with their buyers/suppliers. Successful e-commerce practice requires readiness on the part of all players in the value chain. Companies that have adopted e-commerce must invest in increasing their trading partners' readiness. Manufacturers must invest in educating and training buyers/suppliers to adopt e-commerce practices.

Many manufacturers have not fully exploited the power of customized products and services delivered via the Web. Manufacturers also need to better utilize the Web and related technologies for internal process efficiency in such areas as administration, human resources, and internal knowledge sharing.

Finally, manufacturer processes have not been aligned for e-commerce practices, such as information sharing, quality monitoring, and supplier selection and evaluation. Technologies and processes are synergetic, and investing in one without the other is unlikely to provide significant payoff. A majority of manufacturers still do not have formal processes that allow them to share a product road map or exchange information with suppliers.

MANAGERIAL IMPLICATION

For the adoption of the proposed B2BEC infrastructure, manufacturers should take a look at the entire chain and identify areas for revolutionary or evolutionary change. The significance of the contribution of this research is concerned with the looking for factors that influence the design of the infrastructure for building a supply chain network which will allow easy sharing of data in distributed platform.

Adoption of B2BEC is not just a technological issue. Adoption also provides a new way of doing business and changes the traditional business model. The use of B2BEC not only results in increased operational efficiency and effectiveness, but can also facilitate the re-engineering of business process. However, the benefits of B2BEC cannot be realized without proper adoption strategies, both technically and organizationally.

LIMITATION OF RESEARCH AND FUTURE RESEARCH

B2BEC is still in its inception stage. Most firms are grappling with issues ranging from lack of management commitment or direction to security, cost, and technical issues. Many experts feel that businesses have barely began to scratch the surface in terms of integration of e-business. It would be informative and worthwhile to conduct an annual tracking study of the status of B2BEC and attitudes and issues surrounding B2BEC, as well as the current impact of B2BEC. Such a study would allow for a longitudinal view. Future research can also include focus groups with industry participants to generate more in-depth and qualitative responses.

Table 1. Regression analysis (Enter Method)

Dependent Variable : % of Foreign Sales

Independent Variables	Standardized coefficients	Beta	t-value	p-value
(Constant)			-1.278	.205
Marketing Strategy	.846		-1.278	.000***
Organization Readiness	.290		8.657	.005**
Organization Barriers	.129		2.864	.147
Information technology Factors	.064		1.461	.463
Government assistance	.036		.737	.269
R square	0.662			
R square adjusted	0.644			
F ratio	36.781			

Significant at 0.000 level

* Significant at $\alpha=0.05$ level

** Significant at $\alpha=0.01$ level

***Significant at $\alpha=0.001$ level

The hypothesis of the satisfaction of predefined marketing strategy due to the adoption of B2BEC is supported in this survey, ($b=0.846$, $p<0.001$). The result is consistent with Honeycutt, et al., (1998); successful implementation of the B2BEC depends on how clearly defined the strategic goals are for an organization. The organization readiness follows as the next importance factor to determine the success of adoption of B2BEC, ($b=0.290$, $p<0.005$). As for the organization claims to adoption of the B2BEC, the crucial factor is the allocation of sufficient resources to support the adoption and the implementation. The result is consistent with Paulson (1993) for the study for success of adoption of EDI. The remaining factors organization barriers, information technology, and government assistance are not significant relevant to the success of adoption of B2BEC.

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AN EXPLORATION OF THE ROLE OF MOTIVATION IN THE INFORMATION SEARCH STAGE OF E-SHOPPING.

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ABSTRACT

The pervasive presence of the Internet, and its interface of the World Wide Web (WWW), is now influencing all facets of our social life including consumer shopping behavior. The capability that the WWW affords to consumers to search for information and/or make purchase transactions is driving an emerging area of research that seeks to understand consumer behavior in relation to online shopping. The Internet enables the consumer to access information about a product category in both depth and breadth and to store this information for future reference in a way that hitherto has not been possible. Thus, the interaction between buyer and seller has been changed and an understanding of consumer online pre-purchase information search is critical to the effective development of marketing mix strategies for the e-marketer today.

Consumer decision-making has been identified as purposive and goal-directed. Motivation as a construct can be defined within this context. Goal setting for a purchase may include both end-goals e.g. low price, as well as meta-goals that derive from the search and/or final purchase process. These may include aspects of the process such as convenience or lowering of search costs. The objective of the research being presented was to understand better the factors at the meta-goal level that influence the consumer's motivation to use the online environment for product information search. The literature identifies a number of potential motivational factors. Firstly, *Internet Involvement* which is defined as the level of interest and enthusiasm that the consumer has towards the Internet. This variable was assumed to influence motivation levels positively. Secondly, *Need For Cognition* (NFC) which is a concept included in earlier models of information search and which refers to an individual's need for, and enjoyment of, mental stimulation. NFC has been found to be positively related to product search. Thirdly, *Shopping Experience* which encompasses a number of aspects of the shopping process and includes *convenience, usefulness, ease of use* and *enjoyment*. A theoretical motivation model was developed drawing on contemporary literature. At the conceptual stage, five antecedent variables were hypothesized to have a positive effect upon the consumer's motivation to use the online environment for product information search. Levels of motivation were assumed to affect the amount of online information search undertaken.

A motivation measurement scale was developed by the authors that consisted of 37 items (statements) that were assumed to underpin the construct: '*motivation to use the online environment for product search*'. These were developed from both existing scales as well as the output of exploratory consumer research. The questionnaire was distributed online to a sample of consumers who had identified that they had used the Internet for information search in the product category of "small and large electronic goods" (e.g. mobile telephone). Exploratory Factor Analysis was applied to the data in order to summarise and reduce it to a more meaningful set of factors that represented the construct of '*motivation to use the online environment for product search*'. Exploratory R Factor Analysis was used and a Varimax orthogonal rotation method was applied. A 6 factor solution that accounted for 56% of the cumulative variance provided an interpretable and discriminating factor solution. The factors were labelled: Factor 1: *Ease of Use*; Factor 2: *Mental Challenge*; Factor 3: *Lifestyle Control*; Factor 4: *Convenience*; Factor 5: *Shopping Experience*; Factor 6: *Enjoyment*. A Cronbach Alpha test was applied to the data to test for reliability. A coefficient alpha of 0.761 was achieved which was above minimum recommended levels giving confidence to the reliability of the findings.

Ease of Use (EOU) emerged as the strongest motivator for consumers to use the online environment for product search. This conclusion is consistent with the literature concerning adoption and use of technology. A conclusion was also reached that *Mental Challenge* relates to the consumer's perception of the degree of mental involvement and challenge that is required when searching on the Internet. This factor was re-named from NFC because it appears that motivation is driven by the degree of mental challenge posed by the online environment rather than a need for cognitive activity driven from within the individual.

The findings represent the early development of an online motivation measurement scale and recommendation is made for future validation of the scale.

References Available Upon Request.

**PSYCHOMETRIC PROPERTIES OF THE SCHLINGER VIEWER RESPONSE PROFILE:
EVIDENCE FROM A LARGE SAMPLE**

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ABSTRACT

Schlinger's (1979) Viewer Response Profile scale is much used in commercial advertising research, and frequently used and cited in the academic advertising literature. One of the few studies of its psychometric properties however, argued that it lacked reliability and validity. Like Schlinger's original research however, the research used a very small sample of responses and ads, and did not have access to the statistical tools of today. This paper describes an investigation of the psychometric soundness of the Schlinger scale among a very large sample of independent respondents (N=4800) viewing a large set of ads. Confirmatory factor analysis indicates that the original 32-item VRP has acceptable psychometric properties. An alternative parsimonious version using only 20 items is also investigated and found to exhibit equivalent and in some cases even better psychometric properties. Managerial and research implications are discussed and suggestions for further improvements of the scale are offered.

TOWARDS AN INTEGRATIVE PERSPECTIVE FOR MEASURING BRAND EQUITY: IMPLICATIONS FOR BRAND PORTFOLIO MANAGEMENT

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ABSTRACT

Brand equity is the ultimate measure of brand success. It has been intensively studied since 1988. An interesting debate started to emerge on whether brand equity should be thought of from a consumer-oriented or a market performance-oriented perspective. Current research recognized the confusion and disagreement in conceptualizing and defining brand equity, and they identified two opposing perspectives or schools of thought: the marketing perspective and the financial accounting perspective. While the two schools of thoughts disagreed on their definition and conceptualization of brand equity, each perspective advocated developing measurement tools that were consistent with their definition and conceptualization. It could be concluded that there is no consensus on the specific components of brand equity. This could be attributed to the subjective nature of certain aspects of brand equity. Yet, a more comprehensive definition and conceptualization of brand equity is urgently needed to satisfy two main objectives: 1) unifying future branding research on brand equity measurement; and 2) guiding practitioners to use one meaningful, comprehensive, valid, and reliable brand equity measure necessary for accurate comparisons between brands. This paper proposes a new conceptualization of brand equity that integrates both perspectives, to be used for measuring brand equity. This new conceptualization consists of two major constructs: brand-market performance and consumer-knowledge-response, whereby combining both constructs will lead to a more comprehensive evaluation of brand equity.

Further, the paper advances a new tool for managing brand portfolio, and determines key marketing implications. It introduces a brand portfolio grid to be used as an effective tool for strategically managing the brands in light of the new brand equity conceptualization. The proposed brand portfolio grid identifies five types of brands: 1) current power brands or mega brands, when the brand market performance and the consumer-knowledge-response measures are high; 2) mis-positioned brands, when the brand market performance and the consumer-knowledge-response measures are low; 3) future power brands, when the consumer-knowledge-response measure is high, while the brand-market performance measure is low because the brand is new and growing; 4) cash cow brands when the consumer-knowledge-response measure is high, while the brand-market performance measure is low because the brand has no future potential and its success is due to its loyal consumer base; and 5) risky brands, when the consumer-knowledge-response measure is low, while the brand-market performance measure is high. Strategic recommendations for each of the five types of brands are detailed and illustrated through an application on the automotive industry.

The strategic brand portfolio grid has several marketing management implications as well. The proposed brand equity constructs should be operationalized in a way that allows companies to unify their brand equity measurements and consistently compare their performances to competition. Further, the proposed brand portfolio grid is a powerful tool to categorize the different brands in the portfolio and ensure effective strategies and efficient resource allocations. Finally, this integrative perspective for measuring brand equity should be used as a reference for building brands, measuring brand equity, and leveraging brand success. It could be used in assessing brand building progress, and evaluating brand portfolio performance. Finally, the paper concludes by highlighting an agenda for future research in strategic brand management.

References available upon request

**ONE WORLD ORDER:
MARKETING THE GLOBE WITH THE CULTURAL ACCEPTANCE METER**

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ABSTRACT

One cannot effectively market without recognizing the importance of globalization. Globalization is not new; having existed since people started communicating outside their community to discover different cultures, people, languages, governments and values. Globalization requires organizations to market to multiple ethnicities. The Cultural Acceptance Meter (CAM) can assist with achieving success.

INTRODUCTION

Globalization and marketing: One cannot effectively market without recognizing the importance of globalization. Globalization is not a new phenomenon. It may be a relatively new word but certainly not a new concept. Ever since people started communicating outside their community, globalization has existed. The sea voyagers searching for new sea routes were probably the earliest people to have had a large impact on globalization. Silks, spices and teas were goods unfamiliar to large parts of the world until ships were able to find them and transport them. Airplanes, radio, television and the internet have had an increasingly large impact on the spread of globalization. With globalization we have discovered different cultures, different people, different languages, different governments and different values. Because of the uniquenesses of these peoples, it is critical for organizations to recognize that there are both immigrant nations (i.e. the US with many different cultures) and more isolationist countries (e.g. China) where the people are for the most part unicultural.

This paper argues that globalization requires successful organizations to market to multiple ethnicities, genders and ages and the Cultural Acceptance Meter (CAM) can assist with achieving success. In fact, this paper argues that marketing professionals have a powerful position which can be channeled to encourage the sustainment of local and national cultures. Marketing professionals should seize the power and do the ethically correct thing and market to local cultures to influence cultural preservation. Holland states "what is lacking is a general model, applicable across a variety of ethnic groups, to explain and predict the ethnic consumer's response to targeted marketing" (2). The CAM is the answer to that need.

This paper argues that organizations should recognize the differences between cultures because those differences should be primarily taken into account to determine how to best market a product or service. To begin this paper, a brief discussion of the definition of globalization will be presented. This is essential to setting a baseline for what this author means when 'globalization' is referred to in this paper. Next, the problem will be presented followed by the proposed solution (the Cultural Acceptance Meter). The benefits of the CAM will be discussed as well as predicted results. Finally, because this paper is not meant to be an exhaustive research project with only one solution, opportunities for further research will be discussed.

GLOBALIZATION DEFINED

Globalization is not a term with one definition. It may have a common aura but certainly not one meaning. The results of globalization are apparent to most globalization scholars but the definition has been debated for over 20 years. Joseph Stiglitz, winner of the Nobel Peace Prize for Economics states that globalization is "the removal of barriers to free trade and the closer integration of national economies" (Stiglitz 2003 ix). The emphasis on economics is certainly evident in this statement. He continues writing that it "can be a force for good and that it has the potential to enrich everyone in the world, particularly the poor" (Stiglitz 2003 ix). While globalization certainly has economic causes and effects, this definition is narrow and lacks in the other angles of globalization.

Reddy and Vyas (2004) write that "globalization means rapid movement of economic factors such as capital, labor, technology, and products and services, and integration of economies around the world through trade and financial flows. It also refers to the movement of people (labor) and knowledge (technology) across international borders" (166). This definition captures a broader view of globalization which includes people, products and production and it is more thorough than Stiglitz's view.

Thomas Friedman, author of *The Lexus and the Olive Tree* (1999), writes an even broader definition. He states that "globalization involves the inexorable integration of markets, nation-states and technologies to a degree never witnessed before-in a way that is enabling individuals, corporations and nation-states to reach around the world farther, faster, deeper and cheaper than ever before, and in a way that is also producing a powerful backlash from those brutalized or left behind by this new system" (7). What he speaks of here is the *effect* of globalization rather than the definition but nonetheless it is not arguable. People can indeed travel farther, communicate faster and sell products to more cultures than ever before. This is the result of globalization. What lacks is an explanation of what globalization is.

Romar (2004) defines globalization as a result; it is a result of "at least three major trends" (664). These include "...a reduction of economic and business regulations along with the removal of many international trade barriers..., computer and telecommunications technological developments allow businesses to reorganize both internally and externally..., [and] business refashioned strategy to take the advantage of the opening of new markets, to focus their internal operations on core competencies, and to outsource many operations that were performed internally in the past" (664). While these trends may be true, the definition lacks the people side and cultural impact.

Thoumrunroje and Tansuhaj (2004) discuss globalization and its effect on marketing with a holistic definition. They define globalization as "the process of increasing social and cultural inter-connectedness, political interdependence, and economic, financial and market integrations" (495). This is quite close to the definition that will be used throughout this paper. Globalization must take into account the human side of the impact as well as the governmental, political and economic aspects.

As has been shown, globalization is a term, a word, a concept with many viewpoints. Some choose to describe it as a result, some an economic term and some a broader view of the world. For the purposes of this paper, the definition used going forward is globalization as the interconnectedness and interdependency of people, organizations, governments and businesses. Globalization means being technologically, culturally, economically and politically connected to and affected by different philosophies and cultures.

If globalization refers to being interconnected and interdependent, how is marketing affected by this? As Reddy and Vyas noted, "marketing and globalization intertwine" (2004 167). Therefore the issue becomes how to effectively market products and services in a globalized world.

THE PROBLEM

Globalization presents many challenges to organizations that are selling a product or service. The natural progression for any organization is to grow. Once an organization has grown to a near market-saturation point in its home country the tendency is to expand internationally. They can do this on the web or with more traditional methods such as establishing a physical presence in another country. New questions arise: Do we market a global brand? Do we market to local needs? Can we do both? If we market locally, how can we predict local responsiveness if the culture is one with which we are not familiar? Are we destroying culture if we market globally? Should we encourage cultural preservation by marketing locally? These and many more questions arise among marketing and strategy professionals when growing overseas. However it is also necessary to state that because many nations, especially the USA, are becoming increasingly multi-cultural within national borders, these questions also arise when targeting different cultures domestically.

Many studies have proven the need for localized marketing plans. Philip Kotler's study shows that with increasing globalization, global branding and marketing are not as successful as local marketing. If the local cultures are not taken into account, the results could be bad. According to Kotler (2003), "many companies have tried to launch their version of a world product. Yet, most products require some adaptation. Toyota's Corolla will exhibit some differences in styling. McDonald's uses chili sauce instead of ketchup on its hamburgers in Mexico. Coca Cola is sweeter or less carbonated in certain countries. Rather than assuming that its domestic product can be introduced 'as-is' in another country, the company should review the following elements and determine which would add more revenue than cost: product features, brand name, labeling, packaging, colors, materials, prices, sales promotion, advertising themes, advertising media, advertising execution" (394). He goes on to state that 80% of the companies he studied were locally adapted to the market and they were modified with an average of four changes (Kotler 2003).

van Mesdag agrees and states that "the differences in language; distribution; facilities; retail structure; topography; climate; regulations governing marketing; cultural features (colour, taboos, history, political make-up, religion, education) between

countries are so great that pure, comprehensive standardization or marketing mixes is not feasible" (2000 1). He goes on to state that "the number of products or services for which a global marketing strategy can realistically be contemplated is very limited" (2000 2). With increasing globalization comes a reality that we are not all the same and therefore cannot be marketed the same.

Even though Kotler's study shows that localizing a product is the preferred method to successful cross-cultural marketing and van Mesdag argues a similar point, there are those companies who have been successful without localized marketing. When Daimler and Chrysler merged they ran a three week advertising campaign in 100 countries with a common message "expect the extraordinary" (Kotler 2003). However with the present state of the company one could argue this strategy was not successful. Additionally, Harvard Business School scholar Theodore Levitt argued in 1983 that "the world is becoming a common marketplace in which people—no matter where they live—desire the same products and lifestyles" (Kotler 2003 394).

Because the majority of arguments in favor of localizing marketing is successful, the localization argument is the one which will be addressed in this paper.

THE SOLUTION

The Cultural Acceptance Meter allows organizations to analyze values and behaviors of a particular culture. By doing this, an effective marketing campaign can be created for a product or service. By placing topics on the meter, it can be used to predict response and marketing success. Please see figure 1.1 following the conclusion for a visual of the CAM.

Using the CAM could have prevented Avon China Inc. from losing face and losing money. Avon China Inc. was forced to open retail stores because the Chinese government banned direct sales to customers. Avon repositioned itself in new marketing campaigns as a retailer rather than a direct marketer (Kotler 2003). If the CAM had been used, it would have been clear that 'direct marketing' was 'unacceptable' in the culture and Avon could have established itself successfully the first time.

Another example of a failure that could have been avoided if the CAM had been used was the scandal in Brazil with PepsiCo. In Brazil, it is 'unacceptable and punishable' to use comparative advertising. PepsiCo used such advertising and was banned from television stations and was sued (Kotler 2003)! If PepsiCo had used the CAM it would have not lost face, money or time.

The Danish toymaker Legos A/S used the same marketing campaign in Japan because it had been so successful in the US. It failed miserably because Legos did not test the advertisement with a focus group [or the CAM] (van Mesdag 2000).

Alcohol consumption by people under 21 is an example where the CAM could be useful. In the USA drinking alcohol under age 21 is 'not acceptable and punishable'. Therefore there are no marketing campaigns for alcohol targeted to the under-21 age group. In Germany and other European countries, it may fall under 'acceptable but not encouraged'. This is only something you would know if you studied the culture. Only then could you feel confident of where the topic goes on the CAM and you would then know whether to market the product to that age group. In many Asian countries (non Muslim of course) it might fall in the 'acceptable' category.

Another example is toys. In the USA the marketing campaigns are directed specifically to the children, so that they beg their parents to buy the toy, thus increasing revenues. It is 'acceptable' and expected in the USA to "talk" to the children in advertisements. In Sweden and Norway however this falls into the 'unacceptable and punishable' category which surprised US toy manufacturers (Kotler 571)!

The justification of CAM goes beyond these real world examples. Thomas Oosthuizen supports the local marketing idea through his research. He states that "real global brands with significant market shares all around the world are few. In many places, notably Europe, Latin America and South East Asia, local brands still do well in many fast-moving consumer goods categories. The implication has to be that many of these brands satisfy local needs, hence retain their local strengths" (2004 61). He goes on to write that "globalization of business still faces a unique challenge: namely to successfully customize a message to a specific market in a given socio-economic and cultural context, while retaining the appeal of a global cultural icon" (2004 61).

Oosthuizen is a supporter of localized marketing, that is clear, and he states there are two ways to achieve local marketing success in the era of increasing globalization: create marketing unique to every single society or create marketing that

customizes global symbols to local needs (2004). He may support the CAM because of his argument that cultures are different and knowing what works will increase the chances of successful marketing. He writes "if Irish humor is not understood nor appreciated, much of what would be a great advertisement in Ireland is wasted on a consumer in another country" (2004 63).

Another proposed supporter of the CAM is van Mesdag who writes about being successful the first time in marketing a culture. He states "In operational terms, it means that one must have solved the problem of having people familiar with the language and culture of the host country at the sharp end of the business (suggesting that they are nationals of the host country) who have been suitably soaked in the culture, aims, policy, strategies, resources, knowledge bases and interrelationships of the main company" (2000 2). He goes on to write, again in apparent support of the CAM, that "it is prudent to assume that everything in the foreign market has to be done differently from the way it is done in the home market" (2). He gives the example of a French company trying to sell pharmaceuticals for liver problems in Germany. Germans do not experience liver problems at the same rate as the French do so it was a failure. He raises the point that there are national afflictions which need to be recognized and reflected in a marketing campaign (2000).

Arif Dirlik is another seemingly supportive scholar for the CAM. He writes about China and its culture. He writes "consumption is conditioned by the political and cultural circumstances of contemporary Chinese society" (2001 6). He proposes that China has 'Confucian consumerism' because "it bears the imprints of China's longstanding values concerning families and human relations" (7). He would support the CAM because of his example of marketing McDonald's. In the USA marketing McDonald's is about family and price. In China, marketing McDonald's must include status, cleanliness and relaxation. People of status go to McDonald's (because they can afford to) and demand a clean environment where they can relax. Obviously these two marketing needs are diametrically opposed and this can be seen on the CAM to prevent missteps.

Additionally, marketers in China particularly need to use the CAM because of the "little emperors". Dirlik refers to the large amount of only children as "little emperors" because of being spoiled by the family and having different expectations and demands (2001). No other country in the world has this only-child situation and it makes China culturally unique.

Lam agrees. She has written about the Toronto Symphony Orchestra's desire to market to Chinese people. She states that their marketing campaign includes advertisements on Friday nights and weekends because Chinese parents are rarely home during the week or in the evenings because their little emperors are top priority and they attend their activities during the week. They modified their advertisement messages and publicly promoted Chinese singers (Lam 2003).

India is also unique but in a different way. Author S. Kumar writes about the uniqueness of the Indian caste system. Because there are still distinct societal classes in India, it is essential to know the differences between them if you are going to have a successful marketing campaign. The CAM can be very useful for India as a whole or the classes within India. Kumar states that "An MNC [multinational corporation] brand could position itself as an offering exclusively developed for the Indian context" (2003 5). Kumar makes it clear that different classes have different uses for different products. He states that powder dishwashing soap is used to wash hands and hand soap is used to wash clothes (Kumar 2003). Knowing this should affect the marketing campaign. Being that India and China are the two most populated countries in the world, they are at the forefront of globalization and should be studied closely with the CAM.

Perhaps the most pressing case for the CAM comes from Hohner's harmonicas. Hohner's was a company that began in 1857 and surpassed all of its founder's wildest dreams. Its harmonica began as a nonessential good in Germany and went to attracting sixty million buyers annually by 1920. Its success was due to it being a good, fun product and also because it became a cultural product and Hohner's adapted its marketing campaign to the local buyers. They realized that "different ethnic, national and social groups obviously had different tastes" (Berghoff 2001 7). The picture on the packaging changed depending on the country in which they were selling (e.g. pictures of the Rhine in Germany and pictures of the Alps in Switzerland) which turned out (by accident) to allow them to be purchased as souvenirs by tourists. Even before product differentiation became the norm after 1945, it was widely used in 1914 by Hohner's harmonicas and tableware manufacturer Homer Laughlin (Berghoff 2001).

If the CAM had existed early in the century, perhaps Hohner's could have avoided the mistake involving the word "American" on Canadian harmonicas, which turned out to be disastrous for sales and Latin Americans did not respect the Spanish flag which was on its packaging (Berghoff 2001). Hohner's corrected these errors by using country colors but if the CAM had existed it may have prevented these errors. Later Hohner's used presidents and monarchs, which is yet another example of localization. Hohner's was a large force affecting and affected by globalization: "The Trossingen head office

had to know the colors preferred by Indians and Chinese, the names of the monarchs who ruled Europe and the dates of their anniversaries, and the flags of all the South American states and the names of their presidents" (Berghoff 2001 8). These are all examples of how globalization makes localization successful and how a tool such as the CAM could be used to prepare appropriate marketing campaigns.

The real world and scholarly examples given above support the need and usefulness for the Cultural Acceptance Meter in this age of increasing globalization. Not many truly global products exist with truly global messages. Marketing campaigns should not only be catered to local culture but should include the use of the CAM to prevent missteps and prepare a successful campaign. Holland agrees there is currently no effective tool to predict consumer reaction. Holland states that "given the interpretation of the [marketing] message lies within the individual and depends on various subcultural viewpoints, marketers may not be able to predict accurately how consumers will respond to their targeting attempts" (1999 2). The CAM can fill this gap.

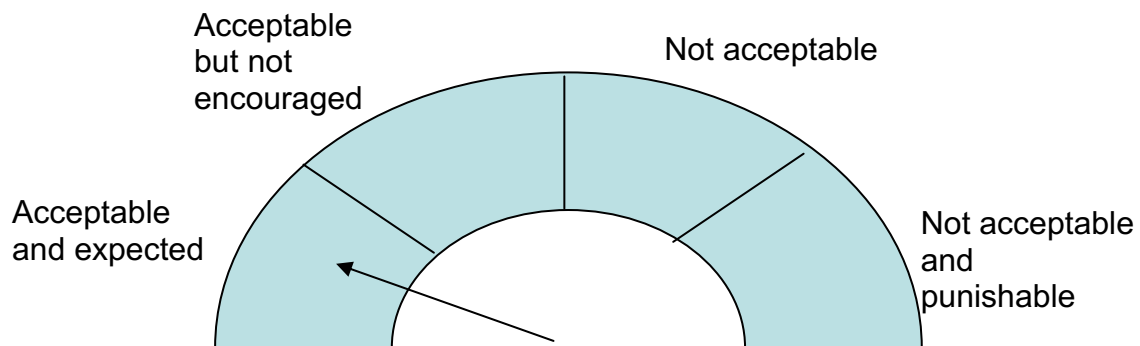
FURTHER RESEARCH

The next step is for the CAM to be tested scientifically at companies to assess its true success rate.

CONCLUSION

The CAM is a useful tool to fill the gap that exists today in predicting consumer behavior in a culture unfamiliar to the marketer. Globalization has made marketing to other cultures commonplace but difficult. If the CAM is used some of the stress could be alleviated and as shown, money, reputation and time could be saved. Knowing which questions to apply to the CAM is critical but even the simplest efforts are respected. "Using an important cultural symbol in your packaging or promotions can be the key to getting your products and services accepted by the local people" (Zelinsky 1989). The key is to accept the fact that cultures are different and using a successful marketing campaign from one country may not guarantee success in another. In the words of James Cantalupo, President of McDonald's International, "the goal of McDonald's is to become as much a part of the local culture as possible...people call us a multinational. I like to call us *multilocal*" (Dirlik 2001 13).

The Cultural Acceptance Meter



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MARKETING SOUNDNESS IN WOMEN OWNED SMALL ENTERPRISES IN INDIA: A FIRST LEVEL ANALYSIS

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ABSTRACT

The aim of this study is to assess the marketing soundness of women-owned small enterprises in India. For the purpose of the study 184 data collected from women entrepreneurs with the help of a questionnaire to measure five dimensions of marketing soundness. These five are a) entrepreneurs response to complaints, b) to brand switching c) quality of products d) to competition and e) knowledge about consumers. The study observed that many women entrepreneurs in the study appeared to have marketing soundness. However, when it comes to taking steps to improve their performance, they are not able to do so. Age of the enterprise and the educational background of the entrepreneurs do have a relation in responding to various dimensions of the marketing soundness.

INTRODUCTION

Women have been the largest excluded group in the world in almost all areas of participation – literacy and higher education, employment and self-employment, politics and power, health and infrastructural facilities and even in national statistics¹. This, in spite of the fact that they constitute half of the adult population and do more than 70 percent of the entire world's work. Their share of 10 per cent in world's income and just one percent in world property show how poorly they are rewarded. However, there is a gradual shift in how women in developing societies are perceived within development models from victims or passive objectives to independent actors². What is more important now is what role women can play in the development process. It is also well accepted fact that women become more and more educated, economically and politically active and socially more aware. Similarly change of female workforce participation is a good example of transformation in the developing countries in the way the women intend to contribute towards economic development. In the post liberalized economy, economic activities in the form of entrepreneurship can be looked as an important factor to increase women participation in economic development.

REVIEW OF LITERATURE

According to All India Census of small scale industries³ women entrepreneurs manage only 7.7 per cent of the total number of units in India. Women entrepreneurs in India are mostly first generation entrepreneurs. They concentrate mainly in the low investment strata of small scale sector. Many of them are in micro enterprises which are invisible. They are also because of their operations restricted to the home premises and depend on family labour (Sunanda 1993)⁴. Since family remains at the centre of all decisions for women, many women business owners seem content to let business occupy a secondary place and do not make specific plans for its growth. As a result of this low level of aspiration, many women owned business growth outlined (Churchill and Lewis 1983)⁵, they are likely to remain at stage II i. e., survival, primarily because the personal goals of the owner manager are not very closely identified with those of business. The large majority of the self-employed who do run a business, but are content to merely let it continue remaining with no major aspiration towards its growth. Due to this, they do not usually devise consciously thought out strategies for growth. Women entrepreneurs fight for the limited local market, where the competition is high. This is again due to limited mobility of women as marketers and prefer to depend on informal sources to market their products (poli 1995)⁶. According to feminine model, in marketing strategy women would seek and remain in small local market niches as female entrepreneurs would prefer to be service providers as well. Few would be able to delegate the responsibilities comfortably hence few would be able to expand (Radha Chaganti 1993)⁷.

Women face more problems than men in that of acquiring technical and entrepreneurial competencies. Small business owners do not acquire skills with the objective of obtaining or enhancing business competencies. Men often switch to business from a job to capitalize on their work experience. Women ultimately fall back upon their traditional skills. This results in slow rate of business growth, since the learning process is based more on experience and trial and error than on formal training and a marked skew in favour of traditionally "woman – oriented" businesses (Rao 1995)⁸. This also leads to greater competition, since no special skills are required for starting such businesses. Competition is severe in such businesses and product – differentiation is non-existent. Market reach depends primarily on 'contacts'. (Dowing 1991)⁹ suggests that women adopt the indirect and safer route of diversification and lateral growth, as compared with the male-owned businesses,

which usually grow through specialization. Even this diversification is usually limited to the **traditional skill** areas and in marketing terms often includes a kind of **backward integration**.

Recognizing the importance of women in economic development, government of India has taken number of steps to promote economic activity among this particular group. In spite of support and opportunities women could not come forward in large number. One of the main reason for this situation is lack of marketing knowledge. In the changed global scenario marketing has become a major challenge to overcome. This situation is more so in the case of women - owned small enterprises in developing countries like India. This is because of lack of professionalism and a false sense of contentment. As a woman, it will be a tough job to do marketing independently and in a professional way, most of the women entrepreneurs prefer to select women oriented traditional activities as their business.

OBJECTIVES OF THE STUDY

Keeping the above issues, it is proposed to study the marketing soundness of women owned small enterprises in India. Specifically the study objectives are

- a. To study the marketing soundness of women entrepreneurs,
- b. To study the differences among the five dimensions of marketing soundness, and
- c. To assess whether age of the enterprise, investment size of the enterprise and educational background of the women entrepreneurs have any influence on their marketing soundness.

For the purpose of the study, marketing soundness has been tested based on five important dimensions of marketing. These are 1) women entrepreneurs response to customer complaints, 2) reaction to customer's switching to other brand, 3) understanding the technical aspects and consumers parameters in defining quality of the product, 4) understanding and response to the competitors and 5) knowledge about the final users and their requirements.

METHODOLOGY

The survey was based on a questionnaire consisting of five basic marketing dimensions which represents the marketing soundness of the entrepreneurs. The perceptions and attitudes about complaints, competition, quality, brand switching and quality consisted of statements to which respondents had to indicate their agreement or disagreement on a four point Likert-type scale. The study also considered three variables and its impact on the marketing soundness with the help of χ^2 . χ^2 calculated value always compared with χ^2 tables at 5% significant level. In all the tables the degree of freedom remained at 9. These are a) age of the enterprise, b) size of the investment of the enterprise and c) educational background of the entrepreneurs. For the purpose of the study the data has been collected from 184 women owned small enterprises in the state of Andhra Pradesh – India. The selection of these samples is from list of members of lady entrepreneurs associations in Andhra Pradesh and also with the help of the list available in the Department of industries, Ministry of industries, Andhra Pradesh State, India. The designed questionnaire has been posted to 248 woman entrepreneurs. The response had come from 184 women entrepreneurs.

DISCUSSION AND ANALYSIS

For the purpose of this preliminary analysis, to establish broad trends, the “agree” and “Strongly agree” responses have been combined under a single category “agree” while the “disagree” and “strongly disagree” responses have been combined under another category “disagree”. From variables side, age, investment and education of the entrepreneurs under the study were considered. There are 65 units having more than 9 years old, 45 units are 6 to 9 years old, 41 units are 3 to 6 years old and 33 units have just less than 3 years old. From the level of investment dimension (investment in Plant and Machinery), 53 enterprises have investment less than Rs.2.5 lakhs, 51 enterprises having investment between Rs.2.5 lakhs and Rs.5 lakhs and 40 each with Rs.7.5 lakhs and Above Rs.9 lakhs respectively. From the educational background of the entrepreneurs, 40 entrepreneurs are just with only basic education, 46 entrepreneurs are with 10 plus education, 53 and 45 entrepreneurs each have graduation and post-graduation and professional education background respectively.

I. Women Entrepreneur's Response To Complaints

Women entrepreneur attending complaints is one of the important positive aspects of a sound marketing approach. The responses regarding the complaints from the consumer (table I). Nearly 73 % of the respondents disagree to ignore the complaint. It is also interesting to note that 73% of the respondents disagree to get details from the customers. Similar

percentage of respondents disagree in sending someone to visit the customers and understand the complaints. Only 34 % of them agreed to replace the products. From the variable side, the data shows (table I) that as investment size increases there is no much increase in response to the complaints. However, as educational background increases there appears to be an increase in attempting to attend complaints (table I). At 5% significance level the calculated χ^2 value is 25.2 and table value is 16.9 where degree of freedom is 9. This clearly shows that education has an impact on complaints response.

II. Women Entrepreneur's Response To The Customer's Switching To Other Brands.

Brand switching behaviour is one of the important problems that most of the marketers are facing. Generally the entrepreneurs try to understand the customer and take necessary steps to retain the customers instead of blaming the competitors. Over 73% of the respondents disagree with the idea of fighting with the competitor for stealing their customers (table II). Nearly 59% of the respondents agree to follow the competitors to win back the customers. With the similar percentage of the respondents agree on talking to the customers for the reasons of switching. Over 54 % of the respondents disagree to offer improved products and services. This obviously indicates that the women entrepreneurs try to understand the customers and their brand switching. Interestingly the higher the education the higher the response to brand switching of customers (table II). The calculated χ^2 value 29.17 at degree of Freedom 9 and the χ^2 table value at 5 % significant level is 16.9. Age of the enterprise is not having any relation with the women entrepreneurs response to brand switching (table II). Interestingly investment is also has a relation with the response to brand switching at 10% significant level i.e., calculated χ^2 is 15.85 and χ^2 table value is at 14.7 with degree of freedom 9 (table IIc). This analysis clearly indicated education of the respondents and the investment level to some extent have a relation in responding to understand the reasons behind the customers to the brand switching.

III. Women Entrepreneur's Understanding Of Consumer Parameters In Defining The Quality Of Their Product.

Understanding the customer and their defining the quality of goods and services are very significant in modern days of marketing environment to survive and succeed. On whom they depend and what steps the women entrepreneurs take is the most interesting factor. More than 59 % of the respondents agree with the idea they depend on workers rather than customers in defining the quality. Similarly 64% of the respondents agree that they don't know the technicalities and parameters for quality improvements. Very interestingly, even if they know 75% of the respondents say they don't have enough funds to invest to improve the quality. Only 35% of the respondents take necessary steps to improve the quality of their products from the consumer dimension. Age of the enterprise has some relation with (Table III) quality of product. χ^2 calculated value is 32.18% at 9 and the χ^2 table value is 16.9 at 5% significant level. Investment and education too have some relation (Table III) at 10% significant level i.e., χ^2 calculated value is 15.53 and 16.07 respectively and the χ^2 table values are at 14.7 with degree of freedom at 9.

IV. Women Entrepreneur's Knowledge About Their Competitors.

Women entrepreneur's knowledge about their competitors is one of the significant dimensions of the marketing soundness. If the entrepreneurs have better knowledge, they can take necessary steps to counter their strategies and win the customers and attract the new consumers. As reflected in table IV, over 70 % of the respondents know their competitors, 54% know the competitors marketing strategies. But 68% expressed that they don't keep track of the competitors practices and also 67% of the respondents don't take any steps to win the customers over their competitors. However, educational background of the entrepreneurs has strong relation in understanding and taking steps positively. χ^2 calculated value is 18.86 at 9 degree of freedom and χ^2 table value at 5% significant level is 16.9.

V. Women Entrepreneur's Knowledge About Their Final Consumers And Their Requirements.

Better knowledge about their final consumers and their requirements will naturally help the entrepreneurs to design suitable marketing program to offer. Table V show that only 46% of the respondents agree that they don't know much about their final consumers and their requirements. Over 61% say that they do not maintain contacts regularly with customers. Over 71% of the responses disagree in introducing any change in their marketing program in accordance with their final consumer preferences. The calculated χ^2 that there is no dependency between level of investment and educational background of the entrepreneurs. Interestingly, age of the enterprises have positive relation with consumers and their requirements. Calculated χ^2 value is 17.35 with degree of freedom at 9 and χ^2 table value is 16.9 with 5% significant level (table Va). This clearly shows that higher the age of the enterprise the better the understanding of their customers and their requirements.

FINDINGS OF THE STUDY

The study broadly indicates that the women entrepreneurs appear to be having marketing soundness, though not significantly. On the five dimensions of the marketing soundness considered in this study, at least on three areas i.e., response to complaints from the customers, response to branding switching and knowledge about the ultimate consumers are positive. But put in a bind when they are supposed to take necessary step they are not. Put another way, they differ between having marketing knowledge and their actions. Women entrepreneurs feel that they do not want to ignore the complaints of the customers. However, the data show that they are not able to take steps to gather information from the customers by interacting with them. However, good number of entrepreneurs are trying to replace the goods if they found fault with the products. The interesting finding is that as the education of the entrepreneur's increases their understanding of customers' perception too is increasing. This indicates that women entrepreneurs although they do not like to ignore the complaints, they are helpless in attending the complaints may be due to circumstances beyond their limits. Women entrepreneurs' response to the customer switching is very positive. At the same time, they prefer to follow the competitors strategies to win the customers. However, they are not trying to find the reasons for switching to the competitors. Entrepreneurs with higher education are better in understanding the reasons behind the brand switching of the customers. Women entrepreneurs to improve their understanding of consumers parameters in defining the quality of their products and services, they rely more on their workers abilities rather than the market for improving their marketing program. Interestingly majority of them are not aware of the parameters for improvements in their products quality. Even if they know, they are not able to invest enough money to bring quality in their products. Similarly, very few women are able to take all steps to improve the quality including collecting data and other means. Age of the enterprise increases, the response to understand the customer's perception of quality. Investment and education too had an impact on understanding customers perception to some extent. Women entrepreneurs are aware of their competitors and their marketing practices. Interestingly they are not able to keep track of their competitors in developing strategies and also in taking steps to have an edge over the competitors. It is also found that entrepreneurs with higher education are positively responding in understanding the competitors and also in taking steps to face competition. Women entrepreneurs do know their end users significantly. But they do not maintaining regular contact with them. Similarly they are not able to get the information about their consumers purchase pattern and behaviour regularly and they are also not introducing the necessary changes in their products according to the changes in the market. But as the age of the enterprise increases they are better in understanding the customers and their requirements. This indicates in general the women entrepreneurs are yet to become consumer oriented.

Table – I
Women Entrepreneur's response to a complaint from the customer regarding the product.

S.No	Factors	Agree %	Disagree %
1	I ignore the complaint	27	73
2	Call for details from the customers by asking them in writing.	27	73
3	Send someone to visit them and understand the complaint	28	72
4	Replace the actual goods first, and analyze the causes of the problems and take steps	34	66

Age : χ^2 value:8.7; Investment : χ^2 Value:2.5; Education : χ^2 value : 25.2

Table - II
Women Entrepreneur's reaction to the customer's switching to other brand

S.No	Factors	Agree %	Disagree %
1	I feel the customer is getting it cheaper from the competitor and hence fight the competitor	27	73
2	I too reduce the price and try to get the customer back.	59	41
3	I talk to the customers for the reasons of switching and carefully study the package of the product and services offered by the competitors and take necessary steps.	59	41
4	I too offered the improved products and services by like competitors	46	54

Age : χ^2 value: 11.98; Investment : χ^2 value 15.85; Education : χ^2 value : 29.17

Table – III**Women Entrepreneur’s understanding of the consumer parameters in defining the quality of their product.**

S.No	Factors	Agree %	Disagree %
1	Simply rely on my workers for quality of my products	59	41
2	I don’t know any equipment / parameters for quality improvement	64	36
3	I know parameters / equipment for quality but I can’t invest money to improve quality.	75	25
4	I take all steps (including parameters / equipment) regularly to improve the quality	35	65

Age : χ^2 Value : 32.18; Investment : χ^2 Value : 15.53, Education : χ^2 Value 16.07;

Table - IV**How much do the women entrepreneurs know about their competitors**

S.No	Factors	Agree%	Disagree%
1	I don’t know much about them.	30	70
2	I know competitors marketing practices.	54	46
3	I keep track of recent practices of competitors and compare with my product strategies.	32	68
4	I take all steps even before they are fully implemented by the competitors to have an edge	33	67

Age : χ^2 Value : 11.19, Investment : χ^2 Value : 10.59, Education : χ^2 Value : 16.86,

Table – V**How much do the Women Entrepreneurs know about their final consumers and their requirements**

S.No	Factors	Agree %	Disagree %
1	I do not know the end-users at all	46	54
2	I know the end users and the use but I do not maintain regular contacts with them.	61	39
3	I know the end customers and i get the data from the dealers who sell my goods.	33	67
4	I keep contact with customers directly & regularly and keep introducing changes in the product when even I can detect changing preferences	29	71

Age : χ^2 Value:17.35; Investment : χ^2 Value : 6.32; Education : χ^2 Value : 6.09

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**PILFERING GRADES:
AN EXPLORATORY STUDY INTO CLASSROOM CHEATING USING SHOPLIFTING THEORY**

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ABSTRACT

Academic dishonesty has become endemic in higher education with estimates of up to 95% of U.S. college students engaging in some form of cheating. Early scholarly work on aberrance asked students whether classroom cheating was deemed morally equivalent to stealing money. Half of the students agreed both were equally wrong. However, the current literature suggests students no longer consider cheating to be a serious offense. While student perceptions may have changed, one fact remains constant; students engage in both cheating and theft for the same reason, personal gain that one has not earned.

Academic cheating is defined as “a fraudulent means of achieving scarce valued resources allocated within that [classroom] setting” (Michaels and Miethe 1989; p. 870) and includes activities ranging from turning in the same paper in more than one class, to plagiarism, to copying from another student’s test. As such, cheating is similar in form to other types of theft such as shoplifting. That is, cheating is analogous to theft, as plagiarism is to forgery (Moeck 2002).

Students cheat for a variety of reasons including economic, peer influence, perceived risk of getting caught, inability to earn high grades without cheating and embarrassment of earning a lower grade. While no instructor would suggest cheating is anything but serious, the extant literature does suggest students view cheating as having both serious and trivial dimensions. The serious cheating behaviors require a much more active role by the student.

METHODOLOGY AND RESULTS

For each scale, a grand mean was calculated. Each of these single measure items were used as independent variables and regressed on each of the two types of cheating behavior (serious and trivial). For *serious* cheating behavior, the only significant variable was the economic dimension. This suggests students give other students the answers during exams, copy from another exam, plagiarize and/or take an exam for someone else because they need the grade badly or because didn’t bother to prepare properly -- i.e., they are lazy --. Risk, peer and unattainable grades are insignificant. It would seem students feel the grade is sufficiently important enough or they were unwilling to put in the time to study properly that they will cheat to get it without even considering potential risk or what their friends are doing.

For *trivial* cheating behaviors, risk, unattainable grades and economic factors are significant. Peer influence is not significant. With high mean values of 3.72 (risk), 4.46 (unattainable grades) and 4.79 (economic), it is evident that for trivial cheating students view it as a risk-free behavior that rewards laziness or is a shortcut to achieving a higher grade where one normally could not be earned. Students perceive these types of cheating behaviors to be much less serious than cheating on an in-class exam. Thus risk is minimal. Time and effort stingy students are rewarded by submitting the same paper in two different classes, studying an exam prior to taking a make up exam or by simply not reporting grading errors in their favor.

The strongest contributor to *trivial* cheating is the perceived risklessness of the behavior, followed closely by economic factors such as needing the grade badly or not wanting to put in the work necessary to earn the grade. Finally, the inability to earn the grade by non-cheating means also explains why students cheat in a *trivial* manner. It may be that it is simply easier to work *smarter* --i.e. share the workload-- to guarantee more time for other class projects and to pool ideas.

It is interesting that peer influence plays no part in either type of cheating. It may be that because it is so prevalent that peer influence is not an explanatory variable in predicting cheating behavior. This indicates that there may in fact have been a paradigm shift in how students perceive cheating amongst their peers.

Threats are not an effective technique to deter cheating. Contrary to previous approaches, deterrence isn’t working. A better approach is to rely instead on de-emphasizing economic factors for both types of cheating. Instead of one project for all the class, individualize the projects so it makes it more difficult to collaborate beyond conceptual design. Have numerous exams and quizzes; give many chances to earn points in smaller increments; allow for a “blown” exam to de-emphasize the value of any one project. Cheating may now be the normative means of achieving higher grades. Non-cheaters are a minority.

References available upon request

**TAX EXEMPTION AS A MARKETING TOOL:
THE IRISH REPUBLIC AND PROFITS DERIVED FROM ARTISTIC CREATIVITY**

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ABSTRACT

The Republic Of Ireland (Eire), though a relatively new nation, having been chartered in 1923, reflects a culture more than twenty-five centuries old. This Irish culture has been the source of much uniquely creative fine art, writing, drama, and philosophy. Creativity as a product seems endemic to the Irish mentality. As a result, the Irish look upon creativity differently than most cultures. They have created a tax exemption for many of the financial rewards reaped by creators of “art” in any of the forms just mentioned. This paper examines the marketplace effects of the Irish exemption from taxation of the revenues derived from artistic creativity.

INTRODUCTION

Pre-Christian Ireland

The Irish of prehistory embraced Druidism, and as such created articles related to their religious beliefs. A number of these artifacts have survived and show a high level of skill, artistry, and craftsmanship in their execution and cleverness in their conception. The level of civilization enjoyed by the Irish under the Druids cannot, on the whole, be said to have been advanced by comparison with the rest of Europe, thus, finding these aesthetically advanced works in Ireland was a bit surprising to early archeologists. The obvious inference was that the Celts living in possessed tendencies to creativity. Ireland was pretty much of a backwater – if an oceanic island can be called a backwater -- at that time and escaped notice, but then Patrick (now known as St. Patrick, Bishop of Ireland) appeared on the scene.

Early Christian Ireland

Patrick is generally described as a native of Scotland who was captured and enslaved by the Romans, while in their thrall embraced Christianity, and returned to his native land to convert its people (*Catholic Encyclopedia Online*, 2004). The creativity that once went into creating ceremonial sickles and carving Druid religious objects now shifted over to creating Christian religious art. The Celtic cross, when embellished by an Irish artist/craftsman is one of the most elaborate of Christian symbols, whether fashioned out of iron, gold, stone, or any of a wealth of other materials. Other objects of early Christian veneration also show the Irish talent for elegant and aesthetic design.

With the fall of the Roman Empire in the fourth century, Ireland, now staunchly Christian, became the “offshore depository” of Western Civilization. Between the fourth and fourteenth centuries A.D., Ireland preserved western culture, earning the cognomen “land of saints and scholars” (Cahill, 1996). As civilization gradually returned to the continent of Europe after the plague epidemic of the mid-fourteenth century (Tuchman, 1964, p.47 et seq.) that had killed one-third of the continental population, it was Irish clerics who went to that place to revivify the church and civil order.

Ireland Under the British

Ireland fell upon bad times at the hands of the English. Beginning in the seventeenth century, the English began shipping Scots Protestants to Ireland in the attempt to “Anglicize” the Irish. The net result of the attempt was to create a new ethnicity, the Scotch-Irish, Protestant residents of Ireland comprising the majority in the six northern or Ulster counties. Ultimately, after three centuries of effort, the British gave up on the southern counties, and in 1923 the Republic of Ireland, or Eire, was born.

Modern Ireland: The Development of the Current Situation

Prior to the seventeenth century, the issue of the worth of creativity was not serious. The concept of multiple copies of anything involved each copy being made one at a time by hand. Even when the objective was printing, most of it was done by block printing. Hans Gutenberg’s invention of a printing press featuring movable type in 1455 speeded up the process, but the development of printing as a serious medium was slow (www.gutenberg.de/deutsch/erfindung.html). The first printer

in the British Isles was William Caxton, in 1476 (Delamere, 2003, paraphrase). So regulated were printers by the English Licensing Acts of 1644 and 1662 that by the end of the seventeenth century there were a grand total of twenty printers in all England, of whom 18 were in London (Ibid., p. 47). The early eighteenth century saw the first European law – the English Statute of Anne -- favoring the author as owner of the product of his or her creativity. Passed in 1710 during the reign of Queen Anne, this law created a monopoly position for authors over their works. During the next century and a half, most of the world’s major nations passed copyright laws, but their content was widely varying.

In 1886, many of the leading nations of the world met in Berne, Switzerland, to negotiate a treaty to regularize the granting and extension of copyrights. The resulting document, formally known as the Berne Convention for the Protection of Literary and Artistic Works (Sept. 9, 1886; UNTS 221 of 1972), has been amended eight times since its adoption, most recently in 1979. Ireland’s laws relating to copyrights were those of England until 1923. With respect to the mechanisms of trademark registration, patents, and copyrights, the Republic of Ireland (Eire), a signatory of the Berne Convention, has maintained a posture similar to the rest of western Europe. Essentially, the claimant has a monopoly right over his or her copyrighted work. For nations that are signatories of the Berne Convention, the minimum duration of such a copyright is the life of the (last-living) author plus fifty years. In addition, six rights are warranted to the copyright holder: the right to translation, reproduction, public performance, adaptation, paternity, and integrity

On January 1, 2001, a new Irish law, The Copyright and Related Rights Act of 2000, restated the copyright code, bringing Eire into conformity with the terms of several international treaties and European directives. The new law reorders and restates many concepts and brings Irish law closer to that of the rest of Western Europe.

The Irish Extension of the Benefits Derived from Copyright

Eire’s small size (68,890 km²) and population (3.57 million inhabitants) (Car and Jelincic, p. 1), make it the EC nation with the second smallest population. Once an “EU poverty region,” Eire now has one of the highest rates of economic growth in Europe, driven, in part by the “preoccupation with cultural identity at the intellectual and artistic level.” (Ibid., p. 1)

The Irish Finance Act of 1969 “exempted some artists’ incomes from income tax and surtax.” (Ibid., p. 4) More recently, Section 195 of the Taxes Consolidation Act of 1997 empowers the Revenue Commissioners of Ireland (*Tax and Duty Types*), p. 1) to “make a determination that certain artistic works are original and creative works generally recognized as having cultural or artistic merit” and exempt them from income tax from the year the claim of such merit is made. The profits or royalties from publication or sale of an original and creative work, as recognized by the Revenue Commissioners, are exempt from income tax to an Irish resident if the work is: 1) a book or other writing; 2) a play; 3) a musical composition; 4) a painting or other like picture; or a sculpture (Conachy, p. 1) The exemption may be claimed only by self-employed individuals, and it must be claimed in anticipation of earnings, rather than in retrospect. Certain royalties earnings do not qualify for exemption under the law. Artists may receive one or both of two kinds of royalties: mechanical royalties and artists’ performance royalties. Mechanical royalties, which are those that derive from the writing of the creative work, are eligible for the exemption. Artists’ royalties, which arise out of performing works on an album or in public performance, are taxable (Ibid., p. 2)

Two types of exemptions exist under the law. The first is exemption for a specific work. Suppose a newspaper reporter who writes facts based on observation, which would not be eligible for the exemption, were to decide to write a novel. He or she might apply for an exemption for the novel, which would be granted. The other exemption is general in nature. If I wrote novels on a regular basis, I could claim the exemption for my general line of work. If my work changed, however, and I became a composer, I would have to claim the exemption for my composition work.

An individual need only be a resident of Ireland, not a citizen of that nation, to claim the exemption. There is a significant incentive for people with substantial income from creative royalties to reside in Eire. The tie to the ancient concept of creativity linking back to the pre-English days is preserved in this particular and unique aspect of the law. It is not enough to merely perform or to write to be treated with the respect the tax exemption implies. One must add to the body of literature or art. Textbooks do not qualify for the exemption, nor do biographies. Essentially, it is writing something creative that qualifies for the exemption, and the Irish have decided that software, among other things, is creative.

Mechanics of Acquiring and Keeping the Exemption

As with all government-granted special treatment, there are hoops to be jumped through (forms to be filled out) to qualify for the exemption from income tax for qualified work. The Irish, in their quaint and sometimes tongue-in-cheek way, have elected to call these forms **Artist 1, Artist 2, and Artist 3** (Ibid., p.2). The Artist 1 form provides exemption for a single piece of work; Artist 2 creates a general exemption for the type of work submitted under the claim; and Artist 3 is a “special” form to be submitted by non-residents of Ireland seeking a determination of the eligibility of their work should they ever become an Irish resident. It is expected that the applicant will submit three copies of the work related to the application. Interestingly, a short history of the applicant’s professional career together with press cuttings or advertisements of his or her work is also required, as is a copy of a completed contract demonstrating the creativity and originality of the applicant’s work and that “a trade is actually being carried on.” (Ibid., p.2) By explanation of this rather quaint wording, the Revenue Commissioners expand on its meaning to state that “claims should also be accompanied by evidence that their work has been published, produced, or sold.” (*Tax and Duty Types*, p. 1)

Additional qualifications apply for musicians seeking exemption for works of their composition. They must submit an album sleeve showing them to have been the composer or lyricist of the work, or both. Artists and sculptors, who obviously cannot submit copies of their work for the Commissioners’ review, are asked to submit photographs or slides of the work, evidence of sale, and their curriculum vitae to support their claim. Revenues from the sale of records are exempt only to the extent that they are claimed for composition of the recorded music. All other income from performances such as concert fees, television show appearances, and merchandising profits bear the full burden of tax (Conachy, p. 3).

Additional issues require exploring in this connection, one of which is income earned outside Ireland. It is not unusual for nations to impose a “withholding tax” on the income of non-residents. From the Irish point of view, such income is tax-exempt. A portion of that withholding may represent taxes applied in the foreign jurisdiction, with the rest being collected in anticipation of its being paid as tax in Ireland. If the artist knows that a part of foreign withheld funds will be tax-exempt in Ireland, he/she can apply for relief from the foreign withholding tax. Such an application is usually honored under the terms of tax treaties between the countries involved.

Though exempt from income taxes, some exempt royalties may be subject to other taxes. Ireland levies a flat 2 percent tax on profits, regardless of their source. Ultimately, (See www.old.emigrant.ie/living/tax.htm and www.irlgov.ie/revenue) an exempted individual may still have to pay Irish “Pay-Related Social Insurance” (PRSI) and “Value-Added Tax” (VAT). Exempt artists must pay PRSI – a variety of Social Security -- on their profits. The rate is 5 percent on royalty income up to €26,500. They are, however, allowed to deduct expenses directly related to the production of their tax-exempt income. This is rather generous in the sense that you don’t pay tax on the income from the work and you also don’t pay tax on the expenses incurred to obtain the income. The Value-added tax (VAT) applies to all sales of goods and services in Ireland and must be paid if the total amount exceeds €20,000 for services or €40,000 for goods per year.

The Marketplace Effect of the Artists’ Exemption – Population Change

The artists’ exemption has had two major effects on the population of the Republic of Ireland. In light of the tax structure of some other countries, particularly those of Scandinavia, it has created a new “Viking invasion.” Taxation of personal income in the Scandinavian states of Sweden, Finland, and Denmark is very high. All three of these nations have personal income tax rates among the top ten in Europe and the rate on creative production exceeds the rate on wages by a considerable amount. Under certain circumstances, the marginal rate can even exceed the increment of income, thus creating a tax rate in excess of 100 percent. (Bronchi and deKam, 1999, p. 13) This is a very strong incentive for the creative Scandinavian to take up residence in Ireland.

Scandinavians are not alone in their emigration to Ireland. U.S. citizens are not immune from the idea of having a major source of one’s income exempt from the 38 percent maximum rate of U.S. Income Tax. Add to that the relatively lower cost of living in Ireland (outside Dublin), the reasonable climate, and the Irish themselves, and you have a very tolerable alternative nation of residence. Thus, the Irish economy is enriched by the income transferred from the immigrants’ nations of citizenship to Irish national wealth.

The second effect on population, which reflects on the Irish themselves, is that the tax break tends to keep local talent local. The Irish would like to remain Irish. Over the last several centuries, Ireland has consistently had to export talent to remain afloat financially. Many Americans think that Irish emigration began with the potato famine of the 1840s. Such is not the case. The Irish began leaving Eire in the seventeenth century (1600s), the predominant emigrants being young men who sought employment in the military forces of Britain and continental Europe. Young Irish women also emigrated, a large

number “entering service” as maids to wealthy British and continental families. Many of these emigrants were among the most talented Irish people of their day. Many Irish enlistees attained high rank in European Armies. Later, James Joyce, Oscar Wilde, and G. Bernard Shaw all plied their craft in England in the nineteenth century and early twentieth. Maureen O’Hara left Dublin at age 18 to act in the United States, as did Barry Fitzgerald at a somewhat more advanced age, Victor McLaglen (after a distinguished career in the British Army), and a host of others.

It is true, however, that the Irish migration to the United States was an event of the nineteenth century. Nearly forty percent of United States citizens claim Irish ancestry. (US-Ireland Alliance, 1999, Online) Irish emigrants were not untalented or unintelligent people, just people condemned to poverty in Ireland due to the lack of natural resources and restricted educational and employment opportunity. The present tax law of Ireland has had, as one of its effects, the retention of Irish artists in Ireland and the return of descendants of former emigrants to their ancestral home. Gregory Peck, a U. S. native of Irish ancestry, became a significant presence in Ireland in his later years.

The Marketplace Effect of the Artists’ Exemption -- the Software Industry

Examination of the materials previously presented reveals two facts that are of great significance to the software industry: first, that any writing that is classed as “original or creative” is eligible for the exemption from tax, and that the individual seeking exemption must be self-employed. Such a description fits software and its creators to a “T.” Software, by its nature, is ultimately creative, starting from a concept and proceeding to a result that compares for creativity with any painting, piece of fiction, or sculpture. Additionally, software writers tend to be independent souls who “create” when to mood is upon them, not sitting at a desk in an office. The Irish are prepared to recognize this and allow compensation derived from individuals for the creation of software to be exempt from what we would call “income tax.”

The exemption has, in a practical sense, created a new class of Irish resident: the “artist” who writes software. In the law, there is no requirement that income from the creative process be derived from royalties. The artist may be compensated hourly, by the piece, or by royalties. Thus, so long as the individual writing software does so as an independent contractor, practically all of the output of his or her work should be tax exempt. Thus, it is beneficial to both software writer and software publisher to have the work done in Ireland. From the point of view of the software writer, his or her income is higher than it otherwise would be if the exemption were not in place (such as in practically any other country). From the point of view of the software vendor, the software writer costs less than would otherwise be the case because he or she is an independent contractor and hence responsible for all his or her ancillary costs – what would be called “benefits” for a salaried or hourly-wage employee.

This arrangement draws both employees and employers to the venue providing the desirable arrangement, which is to say Ireland. Until recently hard numbers on the size and growth rate of this industry have been difficult to obtain, but a recent report by Mike Crone (2001) for the Northern Ireland Economic Research Centre reveals some amazing statistics. Over the last ten reported years (1993-2003), the Irish software industry has grown at an annualized rate of around 15 percent compared to the 6 percent rate of growth of the rest of the Irish economy. Employment in the industry grew from 8,000 to over 25,000 people, and total revenues to over €6 billion.

The same report also noted that the software industry has become one of the largest employers in Ireland, in fourth position by numbers, lying below chemicals and above paper and printing. It accounts for 8 percent of the Irish gross domestic product and nearly 10 percent of its exports. The indigenous component of the Irish software industry now employs 11,000 people and generates over €1 billion.

Obviously, the 1969 Finance Act is not responsible for all of the growth of the software industry in Ireland, though in terms of employment stimulation it has certainly had a significant effect. Other factors which have had an effect include, simply enough, the location of Ireland. It is, as an offshore island, well-positioned with respect to Europe, the Middle East, and Africa. The cost of doing business in Ireland, even without consideration of the Finance Act, is lower than that of Great Britain and many of the more developed nations of Europe. Ireland has historically been a highly literate, though agrarian, country, so software creation, which is essentially independent of technology, is an ideal source of employment for the Irish.

And finally, the Irish (for the most part) speak English as their native tongue. An English-speaking country is highly desirable for software production simply because most software is written in English-based languages. If the people of a candidate nation already speak English as their native tongue, then they can learn a programming language directly and don’t have to be taught English first before being taught the programming language.

CONCLUSION

The effect of what, on its face, would appear to be a rather modest tax exemption created by what some would look on as a country of small population and modest means has, in terms of the national wealth, been significant, drawing to the country productive and creative citizens from other nations and retaining in that country similarly creative and productive natives. It has, in addition, fostered the development of a new industry – production of software -- in a nation whose primary asset has historically been its people and their capacity for creativity. The exemption has, in every respect, created much more wealth to the nation of Eire than had the exemption not been granted.

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MODELING DYNAMIC SOFTWARE SAMPLING STRATEGIES

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ABSTRACT

Previous studies show that product sampling is one of the effective marketing strategies to stimulate the real time and future consumption. In order to increase software sales, many software vendors use the online product sampling strategy, i.e., releasing free online samples of their software products to consumers for trial. Consumers can freely download and try the lower version of software without a time limitation or they can freely access and try the full version of the software as Demo edition within a limited time period. Product sampling for information goods like software has some advantages over that for some physical products like pizza. Firstly, unlike pizza sample, which Pizza Hut needs flour, cheese and meat to make, the software vendor incurs nearly zero marginal cost to make a software sample. Secondly, for physical products, the product sampling strategy is usually only applied to non-durable products such as shampoo. As information good, software is durable good. The software vendor needs to supply only one copy of the software to the sampler for whatever length period trial. Since there is a substitution or cannibalization effect between the product and the product sample, non-durable physical product sample attains the whole quality of the product, but has restriction on quantity. For example, shampoo producer gives only 5 bags of shampoo with full quality as product sample to one household. Generally, in order to avoid the substitution or cannibalization effect between the sample software and the original software itself, software sampling is restricted either in its quality (functionality) or in its time length of legitimate usage. Therefore, we have two types of sampling strategies for software: the low-quality sampling strategy and the limited-time-trial sampling strategy.

Generally, we can divide the online information good sampling into two categories: Static sampling such as music sampling and dynamic sampling such as software sampling. In static sampling, a consumer tries information goods via the Internet. For example, music samples at Amazon.com or audile book at Audible.com. The sampler derives some utility from sampling, then assign himself an expected utility for the real product. He will compare his expected utility with the information good price and makes a purchase decision. It is a static sampling because the consumer will not try the sample again unless he takes the sample as the substitute of the original product. Static sampling is usually applied to experience information good such as digital music.

The process of dynamic information good sampling is different. A consumer tries information good sample, but he neither buys the information good nor gives up sampling right away. He will try the sample again afterwards. In this way, as he learns more and more about the information good, he might accumulate his goodwill to buy. Once his goodwill is high enough, he will choose to buy the information good, or, if he losses his interest, he will drop the sampling process. In the case of limited-time-trial sampling, if the sampler's goodwill has not been accumulated high enough to buy the product at the expiry date, he has no more chance to try it again, and the sampling process is over.

Software sampling is a dynamic sampling process because it's impossible to know all of the functionality of the software after only one trial. This study models two dynamic software sampling strategies. We try to answer the following questions which have not been thoroughly explored so far: For the software vendor, how to decide the optimal sample quality under low-quality sampling strategy or how to choose the legitimate trial period for limited-time-trial sampling strategy so that he can collect the maximum profits in the long run? Which factors and how they affect the software vendor's revenue through the product sampling strategy? This paper shows that, for low-quality sampling strategy, the optimal quality level of the software is determined by the likelihood of the sampler being a free-rider. In general, the faster the sampler learns the software from sampling, the higher total revenue the software vendor can collect. And, the quicker the sampler forgets, the less total revenue the vendor can obtain. For the limited-time-trial sampling, our numerical analysis demonstrates that the optimal trial period is negatively related to the peak time of the sample life cycle. Given the learning speed, the optimal trial period is negatively related to the forgetting speed.

References available upon request

**ATTENTION TRACKING:
A COST-EFFECTIVE METHOD TO TRACK CUSTOMER ATTENTION**

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ABSTRACT

In a nutshell, AttentionTracking™ measures attention by instructing test participants to use the mouse as a pointing device. After a brief, automated training procedure participants point to whatever sticks out to them – catches their eye - on a series of static or dynamic images. AttentionTracking™ exploits the fact that visuo-spatial attention generalizes across response effectors (eye-, hand-, and head movements). Thus, the result of attentional processing can be inferred by tracking eye movements, as in traditional eye tracking, but it can also be measured by tracking pointing movements with the hand, or the computer mouse.

Traditional eye tracking, like AttentionTracking™, has only one purpose: to measure attention. Eye position is interesting because it reflects the dynamics and processing of visuo-spatial attention. A typical eye-tracking device records eye movements at a high temporal and spatial resolution. The goal is to find out which areas of the environment, typically a computer screen, people focus on most strongly, and which areas are ignored. This is interesting because the human brain only processes information when the eyes rest for more than a few hundred milliseconds. These resting periods are called “fixations”. The human eye re-fixates about two to four times a second. While the eye is in motion, (“saccades”), there is very little information processing. Therefore, the focus of analysis in eye tracking experiments is on the fixations.

These fixations of the eye reflect fixations of attention. One key problem in eye tracking is to infer the fixations from the continuous data stream delivered by the eye-tracking device. This involves arbitrary thresholds to determine where and when the eye has fixated. In contrast, AttentionTracking™ directly measures the fixations. Thus, the goal is not to track eye movements, but rather to track the fixations (stationary periods) of the eye. A click corresponds to a fixation of the eye, which in turn corresponds to a fixation of visuo-spatial attention.

In this presentation, we present empirical evidence to show that AttentionTracking™ is a valid and very reliable measure of visuo-spatial attention. In particular we show that:

- Fixations measured with AttentionTracking™ are significantly correlated with fixations measured by traditional eye tracking devices. Findings known from eye tracking studies can thus be replicated using AttentionTracking™.
- AttentionTracking™ is more reliable and less noisy than eye tracking data (essentially because fixations are measured directly, rather through an arbitrary thresholding process)
- AttentionTracking™ data correlate significantly with recall measures. We show that click density on a face predicts recall of that face. Similarly, click density on a brand logo predicts recall of that brand.
- AttentionTracking™ data correlate significantly with sales data. We show that attention data can predict credit card applications, sales of newspapers at the kiosk, as well as purchase intents for several executions of a package design.

We conclude that AttentionTracking™ is a time- and cost-effective, yet scientifically valid and highly reliable, technique to measure visuo-spatial attention. While the technique can be used in laboratory settings, the key advantage is to use it in the context of online research. For the first time, attention of large samples of consumers can be mapped in little time. Attention data can be clustered based on other, independent data such as demographics, brand affinity scores, purchase intents and so on.

References available upon request

EXPLORING THE PURCHASING MOTIVATIONS OF GENERATION Y

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ABSTRACT

Generation Y will represent an estimated 41% of the population by 2009 (Welles 1999). These consumers currently range from 11 to 28. They have the purchasing power to have an unprecedented impact on the economy. Despite the potential of this group as a whole, especially those middle members of this generation (ages 16-22) who are in or near entering the highly coveted college-student market, little is known about the motivations behind the consumption behavior and preferences of these individuals. This study attempts to address this gap in the literature by exploring the reasons behind consumption behavior of mid-Generation Y individuals.

The study was completed by depth-interviews with a phenomenological focus with 22 students 16-22 years old. The interviews ranged from 45 minutes to an hour and a half. Each of the interviews was audio-taped and transcribed verbatim. Data analysis followed the steps of open and axial coding and finally by selective coding to develop a framework to explain the purchasing motivations of this highly coveted target market.

Findings suggest that developmental issues; affective, image oriented issues; and cognitive, quality issues drive product purchases and retail patronage. The three main developmental issues this group faces include striving for independence, dealing with peer influences, and determining who they are as individuals. The cognitive issues involve value seeking behavior and the comfort that brands provide to the individuals wearing them.

Future research is needed to determine the range and generalizability of the model presented in this paper.

Full paper available upon request

References available upon request

STIGMATIZED PRODUCTS: FOSTERING DISCOURSE ON THOSE “PRODUCTS I WOULD NEVER BE CAUGHT DEAD BUYING!”

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ABSTRACT

Consumers purchase a range of products that we classify as *stigmatized products*, and additional research on the consumption of these products is warranted. This paper hopes to generate discussion on consumption of these products and attendant issues by developing a conceptual model regarding the attitudes toward public purchase of, intentions to purchase publicly, and the public purchase of, stigmatized products. We advance a series of testable propositions that should be the genesis for discourse, and point out the theoretical and managerial implications, should these propositions be validated.

INTRODUCTION

A lot of consumer behavior research has been devoted to the assessment of consumers' attitudes, responses, perceptions, purchase intentions, likelihood of inclusion of various brands in a consumer's consideration set, behaviors, among many other issues. For the most part, research has centered on *socially acceptable products*. The departures from discussing these types of consumer products have been in cases where researchers have looked at such things as compulsive consumption (see, for example, Hirschman 1992), counterfeit products (Tom, Garibaldi, Zeng, and Pilcher 1998), and embarrassing products such as condoms (see, for example, Dahl, Manchanda, and Argo 2001).

In perhaps the first attempt to address products that may cause embarrassment and other negative emotions, Wilson and West (1981) explored “the nature of unmentionability, its effect on the marketing process, and the means by which desirable unmentionables can be marketed” (page 92). More recently, Dahl, Manchanda, and Argo (2001) investigated the impact of social presence and product familiarity on consumers' feelings of embarrassment in product purchase. However, despite these works and the likelihood of consumers feeling embarrassment surrounding the purchase of a variety of products, not much discourse goes on about the issue of consumer purchase of embarrassing products. Our paper seeks to advance this discourse.

Our basic thesis is that consumers purchase a range of products that we classify as *stigmatized products*, and this warrants investigation, if we wish to have a fuller understanding of consumers' behaviors. We use the term *stigmatized products* in a fashion similar to the usage of unmentionables by Wilson and West, to refer to products whose distribution and sale are legal, but whose purchase, use, and disposal take place in a social context marked possibly by anxiety, controversy, embarrassment, risk of disapproval, shame, or unease, primarily on the part of the purchasing or consuming party. Thus, our model does not take into account illegal products. We draw on (a) the stigma literature to develop our construct of *stigmatized products*; (b) the literature in social psychology and personality in order to develop a model regarding attitudes toward the public purchase of stigmatized products and the intentions to purchase these products. We also generate various testable propositions in order to establish the basis for subsequent research.

STIGMA: A DISCUSSION

Social psychological research has focused on the issue of stigma and stigmatization (Goffman 1963; Jones et al. 1984) for a reasonably long time. A *stigma* is defined as “burden of shame or disgrace; blot; curse” (The Oxford Desk Dictionary, 1995). According to Goffman (1963), “The Greeks, who were apparently strong on visual aids, originated the term stigma to refer to bodily signs designed to expose something unusual and bad about the moral status of the signifier” (Page 1). He suggested that the term has come to refer to “an attribute that is deeply discrediting” (page 3), contending further that “shame becomes a central possibility, arising from the individual's perception of one of his own attributes as being a defiling thing to possess, and he can readily see himself as not possessing” (page 7).

The notion of stigma has been explored in the persuasion literature. In particular, stigmatized sources have been explored. That literature defines stigmatized individuals as “those who are members of social categories for which significant segments of society hold negative attitudes and beliefs” (Petty, Fleming, and White 1999; page 19). The persuasion literature on stigmatized sources has focused mainly on the impact of source ethnicity (Petty et al. 1999; Qualls and Moore 1990) and sexual orientation (Chang and Moore 1991; Petty et al. 1999) and how these factors influence attitudes. For example, Petty et al. (1999) found in their study differential processing of information from stigmatized and non-stigmatized sources among

people who were high and low in prejudice: Source stigmatization increased message scrutiny among those who were low in prejudice toward the stigmatized group. Their explanation is that this may suggest that people scrutinize messages from stigmatized sources in order to guard against “possibly unfair reactions by themselves to others.”

Oswald (2001) argues that, while there are some similarities among stigmatized groups, not all stigmas are equivalent and a perceiver’s negative reactions to a stigmatized person or group may depend on the specific qualities of the stigma. In the same breath, a target’s reactions should also depend on the stigma properties. A slew of other researchers have attested to the negative perception of stigmatized groups (Helweg-Larsen, Sadeghian, and Webb 2002; Major and Gramzow 1999).

We believe that the concept of stigma can be applied to consumer goods and services. The goods and services to which stigma could be applied would be those for which significant segments of consumers hold negative attitudes and beliefs, and the purchase and consumption of which can create various negative emotions for the purchaser and/or user, especially if purchase and use are done in the public domain. In addition, the purchase and consumption of these goods and services are likely to lead to consumer coping mechanisms that are not normally associated with the purchase and consumption of goods and services that are not stigmatized.

A CONCEPTUAL MODEL

Our model proposes that there are two sets of factors that are likely to influence consumers’ intentions to engage in the purchase and consumption of stigmatized products. These two broad categories of factors are individual or internal factors and external or environmental factors. Below we discuss these two sets of factors in more detail.

Individual Factors and Stigmatized Product Purchase

Various streams of research indicate that individual, or internal, factors influence consumer response to marketing and marketing strategies (Martin 1984; Snyder, 1979; Ryan and Riordan 2000; Watson and Friend 1968). Consumers’ attitudes, perceptions, purchase intentions, and so on may be influenced by personality variables that can be used to differentiate between groups of consumers. In the case of stigmatized products, we propose that there are a number of individual factors that are likely to impact consumers’ intentions to engage in the purchase and consumption. Among them are: (a) need for social approval; (b) self-monitoring; (c) public self-consciousness; (d) fear of negative evaluation; and (e) susceptibility to embarrassment.

Need for social approval

Need for social approval refers to a person’s social dependence. According to Martin (1984), it relates to an individual’s “desire to please others and avoid rejection even though this may entail submissiveness and frequent changes in one’s public opinion” (p. 509). Other researchers suggest that this need for social approval reflects an external focus, and individuals with a high need for social approval have a high desire for positive evaluations and approval from others as well as the need to avoid negative evaluations and criticism (Martin 1984; Ryan and Riordan 2000). Given our definition above regarding stigmatized products, we expect that the public purchase of such products will trigger more negative evaluations than positive evaluations. Hence, the following is proposed.

Proposition 1a. Consumers who have a high need for social approval will have less favorable attitudes toward the public purchase of stigmatized products than consumers who have a low need for social approval.

Proposition 1b. Consumers who have a high need for social approval are less likely to engage in the public purchase of stigmatized products than consumers who have a low need for social approval.

Fear of Negative Evaluation

A construct that is closely related to need for social approval is the fear of negative evaluation. The fear relates to concerns regarding social situations in which the disapproval of others, or negative evaluations, might be an outcome (Watson and Friend 1969). According to Watson and Friend, fear of negative evaluation refers to “apprehension about others’ evaluations, distress over their negative evaluations, avoidance of evaluative situations, and the expectation that others would evaluate oneself negatively” (p. 449). Hence, consumers who have a high fear of negative evaluation have a heightened apprehension regarding such situations, in comparison to consumers who have a low fear of negative evaluation. As with the case of need for social approval, the fear of negative evaluation will lead consumers to behave differently with regards to public actions, such as the purchase of stigmatized products. Proposition 2 reflects this expectation.

Proposition 2a. Consumers who have a high fear of negative evaluation will have less favorable attitudes toward the public purchase of stigmatized products than consumers who have a low fear of negative evaluation.

Proposition 2b. Consumers who have a high fear of negative evaluation are less likely to engage in the public purchase of stigmatized products than consumers who have a low fear of negative evaluation.

Self-monitoring

Self-monitoring is a social psychological construct that denotes one's tendency to notice cues for socially acceptable behavior and modifying his/her own behavior accordingly (Snyder, 1979). In this context, individuals can be classified into two groups with regard to their level of self-monitoring. Those high in the trait of self-monitoring are usually characterized by sensitivity to social cues indicating socially appropriate behavior and by using those cues to modify self-presentation. Low self-monitors are to be relatively insensitive to social cues and tend to maintain a consistent self-presentation across situations. In the context of purchasing stigmatized products, we expect that there will be differences between high self-monitors and low self-monitors. This leads to Proposition 3.

Proposition 3a. Consumers who are high self-monitors will have less favorable attitudes toward the public purchase of stigmatized products than consumers who are low self-monitors.

Proposition 3b. Consumers who are high self-monitors are less likely to engage in the public purchase of stigmatized products than consumers who are low self-monitors.

Public self-consciousness

Fenigstein, Scheier, and Buss (1975) explored the issue of self-consciousness and identified two types of self-consciousness: private self-consciousness and public self-consciousness. The distinction is that private self-consciousness relates to a person's proneness to self-examination and reflection, while public self-consciousness relates to a person's proneness to focus externally and to see himself or herself as an object of public scrutiny. So, while those who have a tendency to private self-consciousness are likely to look to themselves for cues as to appropriate behavior, those who are prone to public self-consciousness are more concerned about others' opinions of them. We limit our attention in this model to public self-consciousness, given the nature of the product purchase that we are discussing.

Proposition 4a. Consumers who are highly public self-conscious will have less favorable attitudes toward the public purchase of stigmatized products than consumers who are not highly public self-conscious.

Proposition 4b. Consumers who are highly public self-conscious are less likely to engage in the public purchase of stigmatized products than consumers who are lowly public self-conscious.

Susceptibility to Embarrassment

The social-evaluation perspective on embarrassment (Edelmann 1994; Gibbons 1990) holds that embarrassment is a uniquely social emotion that is based on people's perceptions of the social presence of others, real or imagined. These researchers propose that people like to make favorable impressions on others, embarrassment serves as means of social control, since it serves as a signal of the threat of social rejection. The perspective also suggests that some people are more prone to feeling embarrassed than others, that is, they have a high susceptibility to embarrassment (see, for example, Leary 1991; Modigliani 1968).

Dahl et al. (2001) found that when consumers purchased certain products in the presence of others, that could lead to embarrassment. Leary and Meadows (1991) conducted a study in which they correlated scores on the Blushing Propensity scale with a number of measures that tap into people's concerns with the impressions that they make on others. Among the measures related to people's concerns with others' opinions was susceptibility to embarrassment. The researchers argued that, since blushing diminishes the likelihood of negative evaluations, and, consequently, potential rejection, when an individual's status in a valued group is in jeopardy, those who are concerned with others' evaluations and with their social relationships should be prone to blushing. They found high correlation between the propensity to blush and susceptibility to embarrassment, among other personality measures.

Based on these findings and stream of research, we propose that there should be a relationship between susceptibility to embarrassment and attitude toward the purchase of stigmatized products. Those who are high in susceptibility to

embarrassment should be more concerned about what other consumers will think of them than those who are low in susceptibility to embarrassment. Hence, the attitudes toward purchase of stigmatized products of high susceptibility to embarrassment consumers should be less favorable than those of low susceptibility to embarrassment consumers.

Proposition 5a. Consumers who are highly susceptible to embarrassment will have less favorable attitudes toward the public purchase of stigmatized products than consumers who are not highly susceptible to embarrassment.

Proposition 5b. Consumers who are highly susceptible to embarrassment are less likely to engage in the public purchase of stigmatized products than consumers who are not highly susceptible to embarrassment.

Environmental Factors and Stigmatized Product Purchase

In much the same way that individual factors influence consumer public purchase of stigmatized products, environmental factors, including situational factors, are likely to play a role in influencing the public purchase of stigmatized products. Our current model is limited to two environmental factors: social setting and social presence.

Social setting

Social setting relates to the nature of the retail establishment in which purchase is taking place. In particular, this relates to consumers' level of familiarity with the physical and social environment of the retail establishment. For example, a consumer who is highly familiar with the physical store environment will know where to locate the items that he or she is seeking. In addition, familiarity with the social environment relates to their relationship with store employees and other consumers who may frequent that retail establishment. Consumers may also relate to social setting depending on whether the retail establishment is in an area where they live versus an area where they do not live, as well as whether they know or do not know the employees (see, for example, Dahl et al. 2001).

Dahl et al. showed that there is some impact of purchase familiarity on consumers' attitudes toward purchase of embarrassing products. They theorized that a consumer who was familiar with the purchase of an embarrassing product would experience a lower level of embarrassment than a consumer who was not familiar with making such a purchase. Though this measure of familiarity does not speak to familiarity with the physical and social environment (as Dahl et al. acknowledged), we posit that inherent in familiarity with a product purchase would be some level of familiarity with the physical environment of the purchase (for example, knowing in what aisle to find a product, or knowing whether there is self-checkout or not). Hence, our expectation is that social setting will have an impact on the purchase of stigmatized products. However, whereas familiarity with the physical environment will minimize concerns about public purchase of stigmatized goods, the expectation is that familiarity with the social environment (knowing the employees and other customers) is likely to heighten concerns. The following hypothesis captures these expectations.

Proposition 6. The nature of the social setting will influence consumers' public purchase of stigmatized products. In particular: (a) the more familiar consumers are with a store's physical environment, the more favorable will be their attitudes toward public purchase of stigmatized products; (b) the more familiar consumers are with a store's physical environment, the more likely it is that they will engage in the public purchase of stigmatized products; (c) the more familiar consumers are with a store's social environment, the less favorable will be their attitudes toward public purchase of stigmatized products; (d) the more familiar consumers are with a store's social environment, the less likely it is that they will engage in the public purchase of stigmatized products.

Social presence

Social presence concerns whether there are other consumers present, and, if so, whom. For example, a consumer may feel less concerned about purchasing a stigmatized product in the presence of unknown others than in the presence of salient others such as family members, friends, and co-workers (Dahl et al. (2001)). Baldwin and Holmes (1987) conducted a study in which they tested a hypothesis related to how important aspects of the experience of self derived from the way one would be perceived and responded to by salient private audiences (significant others versus less significant others). As predicted, participants responded in ways that would be acceptable to their salient private audiences. These findings have implications for how consumers might respond to social presence when they have to make public purchases of stigmatized products.

Proposition 7. The nature of social presence will influence consumers' public purchase of stigmatized products. In particular: (a) the greater the likelihood of social presence, the less favorable will be consumers' attitudes toward making

public purchases of stigmatized products; (b) the greater the likelihood of social presence, the less likely it is that consumers will engage in the public purchase of stigmatized products; (c) the greater the likelihood of shopping in the presence of salient significant others, the less favorable will be consumers' attitudes toward the public purchase of stigmatized products; (d) the greater the likelihood of shopping in the presence of salient significant others, the less likely it is that consumers will engage in the public purchase of stigmatized products.

DISCUSSION

From a theoretical perspective, the paper attempts to re-direct interest in products that are legal for consumption, but, for a variety of reasons may cause embarrassment or concerns about social evaluation. The model is open to investigation, and it is possible that experimental or correlation studies can be conducted to ascertain whether the propositions of the model hold up. In addition, there is the scope to explore other individual and external factors that will have an impact on public purchase of stigmatized products. There are also a number of managerial implications associated with our model, should these propositions hold up under empirical investigation. Various aspects of marketing strategy can be affected by findings from this stream of research: distribution and enabling consumers to have access to these kinds of goods and services; marketing segmentation and targeting, as consumers could be targeted based on some of the variables identified in our model; product packaging, to conceal products that consumers have to purchase in public settings. In a retail setting, the use of self-checkout is a development that caters to those consumers who have concerns about purchasing stigmatized products, since it limits at least one interaction: between themselves and the person performing the checkout. Marketers would also have to think about return policies, since it is possible that consumers might, at times, want to return stigmatized products that they have purchased. Education of consumers, to minimize negative emotions associated with the purchase of these products, or retail training, to sensitize employees to how to deal with interactions when these products are being purchased, are also possible. Ultimately, all of these things can serve to aid further understanding of the purchase of stigmatized products.

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MULTIPLE ATTITUDE FUNCTIONS SERVED BY PRODUCTS: CONSUMER BEHAVIOR IMPLICATIONS

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ABSTRACT

A variety of different attitude function taxonomies have been proposed, combined, and renamed by attitude researchers (e.g., Shavitt 1989, 1990; Snyder and DeBono 1989). A synthesis of this research suggests four basic attitude functions. The *knowledge-utilitarian* function helps people efficiently organize information and objects in their environments (i.e., rewards vs. punishments). The *social-adjustive* function helps people behave in ways appropriate to the various reference groups that comprise their social networks (Snyder and DeBono 1989). According to Smith et al. (1956) attitudes serving this function mediate “self-other relations.” The formation of these attitudes allows people to fit into important social situations and interact smoothly with their peers. This function corresponds to a public identity goal (e.g., Snyder and DeBono 1985), in which people tailor their behavior to fit a social situation and convey appropriate images to others. The *value-expressive* function allows people to express their “true self,” including underlying values, dispositions, and personality (Snyder and DeBono 1989). Smith et al. (1956) noted that attitudes establish one's identity, and Katz (1960) suggested that attitudes symbolize and express one's central values and self-concept. The *ego-defensive* function protects people from accepting truths about themselves that are particularly undesirable or threatening (Snyder and DeBono 1989). Also called externalization, this function can maintain self-esteem by projecting one's own unacceptable impulses onto threatening outgroups (Shavitt 1990). Locander and Spivey (1978) call this an externalization function because attitudes serving this function are held to protect oneself from internal anxieties or dangers from the external environment.

The assumption in consumer research is that products and services can be positioned to serve particular functions. For example, Shavitt (1990) found that air conditioners and coffee exhibit a utilitarian function, while greeting cards and perfume have a social-adjustive function. From a communication strategy perspective, matching the content of a persuasive message to the functional basis supporting the attitude should enhance persuasion (Petty and Wegener 1998). The key is that attitude functions represent a taxonomy of generic message options for designing persuasive communications. An important issue for both advertisers and researchers concerns how these alternative messages are likely to be understood and valued by consumers

A sample of 84 adults were educated on the four attitude functions and then shown either photos or 30-second television commercials for 40 products that all might be initially viewed as having only knowledge-utilitarian functions (bar soap, toothpaste, window cleaner, cold medicine, shampoo, coffee, toilet tissue, tires, pain relief, antifreeze, etc.) For each product category, several different brands were used, and corresponding photos or commercials were shown for each brand. Respondents were randomly assigned to seeing 20 photos of product set A and 20 commercials of product set B, or vice versa. Respondents used a compensatory summation scale to assign weights to each of the four attitude functions after viewing each photo or commercial. Results indicate that all products tested exhibit all four attitude functions to some extent. The relative weighting of each attitude function, however, was different for each product and brand, with some brands showing clear “personalities” based on how the brand was portrayed in the commercial. The weightings were not as strong in the photo treatment.

These findings suggest that consumers can find attitudinal meaning in even the most utilitarian of products, and respond well to certain advertising messages that relate to higher-order attitude functions. In this particular case, it was not necessary to match the “innate” attitude function with the message in the commercial, as suggested by Petty and Wegener (1998), and that promotional messages to consumers can exhibit a variety of messages appealing to all four attitude functions.

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IMPLICATIONS OF SERVICE PROVIDER INNOVATIVENESS AND INNOVATION CAPABILITY IN STRATEGIC OUTSOURCING AGREEMENTS

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ABSTRACT

This paper develops a conceptual model within the context of a service provider-customer firm dyadic relationship. The two focal constructs in the model are *innovation capability* – an organization’s ability to implement new processes; and *innovative distance* – the difference between the innovativeness of the culture of two organizations. Propositions are forwarded.

INTRODUCTION

Increasingly, businesses are becoming aware of the importance of innovation as a key to the success of their organizations. Though we are beginning to understand the benefits derived from innovation within individual firms based upon an examination of their market performance, our understanding of the role that innovation plays within the context of exchange relationships between multiple organizations is lacking (e.g. Roy, Sivakumar, and Wilkinson 2004). In recent years relationships have taken on increased importance in marketing. Competition is driving firms to continually build closer relationships with their customers, alliance partners, service providers, and suppliers (Petroni 2000). With the increased attention given to innovation in general, and especially its documented performance benefits, the question arises, “What are the implications of innovativeness within inter-firm relationships?” Within inter-firm relationships, innovation has primarily been considered in the context of partnership or alliance relationships between firms (Stuart 2000; Wuyts, Dutta, and Stremersch 2004). These relationships can differ drastically from service provider-customer relationships, where the customer firm generally compensates the service provider instead of the two firms jointly seeking market opportunities.

CONCEPTUAL MODEL

The primary conceptualizations in the model are derived from the work in the resourced-based view (RBV) of the firm (Barney 1991; Wernerfelt 1984) and the relationship marketing literature (Dwyer, Schurr, and Oh 1987; Morgan and Hunt 1994). RBV suggests that a firm derives competitive advantage from its resources and/or capabilities. In service firms, an *innovation capability* can be manifested in the form of new service developments that meet the constantly changing needs of its customers (Syson and Perks 2004). It is suggested here that the innovation capability of service providers involved in strategic outsourcing agreements can help their customers to achieve competitive advantage. This will lead to increased levels of customer satisfaction and commitment. However, a firm’s innovativeness, i.e. “the notion of openness to new ideas as an aspect of a firm’s culture (Hurley and Hult 1998)”, will generally precede the development of this innovation capability, and the potential *innovative distance* between the two firms will have a detrimental effect on their exchange relationship. Environmental variables such as *market turbulence* also play a role in the model. Propositions are as follows:

Proposition 1: The greater the service provider innovation capability, the greater the competitive advantage gained by the customer firm involved in a relationship with the service provider.

Proposition 2: The greater the amount of innovative distance that exists between the service provider and its customer, the less the trust the customer firm involved in a relationship with the service provider will have in the service provider.

Proposition 3: The effect of service provider innovation capability on customer competitive advantage will be greater under conditions of high market turbulence than conditions of low market turbulence.

Proposition 4: The effect of service provider innovation capability on customer competitive advantage will be greater under conditions of high trust than conditions of low trust.

Proposition 5a: The positive effect of service provider innovation capability on customer satisfaction will be mediated by the competitive advantage gained by the customer due to its relationship with the service provider.

Proposition 5b: The positive effect of service provider innovation capability on customer commitment will be mediated by the competitive advantage gained by the customer due to its relationship with the service provider.

Proposition 6a: The negative effect of innovative distance on customer satisfaction will be mediated by the customer’s trust in its service provider.

Proposition 6b: The negative effect of innovative distance on customer commitment will be mediated by the customer’s trust in its service provider.

References available upon request

HOW DOES INVESTMENT BANK REPUTATION INFLUENCE M&A DEAL CHARACTERISTICS? A CONCEPTUAL MODEL AND RESEARCH PROPOSITIONS

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ABSTRACT

This paper explores the criteria for Investment Bank (IB) selection within Merger and Acquisition (M&A) deals. It examines whether IB's evaluate and negotiate M&A deals on terms that do not fully appropriate the potential rents, thereby complementing the acquiring firm's ability to derive value from transactions. Unlike prior research where reputation is proxied by League Table rankings, this paper examines the multidimensionality of IB reputation in the context of multiple M&A deal characteristics.

INTRODUCTION

While M&A's have strategic relevance for corporates, researchers find considerable variance in deal performance (Kitching, 1967; Lubatkin, 1987). In the quest for performance and value implications of acquisitions the role of advisors, such as investment banks (IB), remains relatively unexplored. In the context of the service sector, with vague pre-purchase evaluation of quality, reputation emerges as a central issue. Within studies linking IB role to acquisitions (Servaes and Zenner, 1996; Rau, 2000), the focus remains on a one-dimensional perspective of reputation, ignoring its multidimensionality.

Reputation is a perceptual representation of a company's past actions and future prospects. These are an aggregate of stakeholders' collective judgements (Fombrun, 1996), with a potential for sustained competitive advantage (Barney, 1991; Dierickx and Cool, 1989). Reputation is about intangible perceptions, being converted into tangible benefits and depends on the value (quality) of the actor's previous efforts (Podolny and Phillips, 1996: 455). Models of reputation presume tight coupling between past actions, future expectations, organisational attributes and the evaluation of organisations (Weigelt and Camerer, 1988). However, the links between reputation and performance remain intuitive, highlighting a gap in the literature in terms of whether reputation has performance implications and a lack of understanding on how the link operates (Davies et. al. 2003). Research is needed to examine the concept of reputation and its implications (Deephouse, 2000). This paper examines a variant of IB reputation based on multiple attributes within the context of an IB functional area to assess the influence of IB reputation within acquisitions.

HOW DO INVESTMENT BANK'S COMPETE?

Corporate acquirers hire IB's to signal investors, regulators and the stakeholders about their firm's credibility. With substantial cost of acquisitions, clients place reliance on IB advice to gauge the potential pay-off at a point in time when the value proposition and cost thresholds are being defined. IB's signal key attributes to convey competitive advantage and value addition to ensure their involvement in M&A activity. They compete on the basis of price and non-price attributes that are perceived to contribute to adding value to the deal and fostering loyalty, leading to the development of reputation. Such attributes comprise financial performance, product quality, management effectiveness or some combination of factors that essentially convey IB reputation within a functional domain. The functional distinction is an integral part of IB operations with information flow constrained by mechanisms such as Firewalls and Chinese Walls, which insulate functional areas within IB's. The functional units effectively operate as strategic business units with peculiar parameters in tangible and intangible terms, which have implications for deals within those areas. The main proposition developed in this paper asserts that the functional reputation attributes exert a beneficial influence on deal characteristics, rationalizing and explaining the continued engagement of IB's in M&A activity.

INVESTMENT BANK REPUTATION – M&A LINK

IB's maintain distinctive reputations within functional segments to differentiate themselves from competitors and generate rents through the repeat purchase of their services. A better understanding of the link between reputation and M&A has relevance for IB's as well as clients. IB's need to devise strategies to attract and retain customers through focus on relevant reputation attributes in the context of deals. Client firms need to identify IB's with relevant reputation traits in the context of deal characteristics to gain a competitive advantage.

Extant research infers reputation through the narrow domains of League Table (market share) and Tombstone (name placement) ranking (Megginson and Weiss, 1991; Carter and Manaster, 1990). Such mechanisms are rationalized as being proxies for “brand name” and “goodwill”, reflecting the revenue stream potentially at stake. However, the representation of reputation under the halo of market share does not encapsulate its multidimensionality and masks the individual attributes that could exert an important influence on performance. It is important to expand the scope of reputation research to address the gaps within extant studies to account for the multidimensionality of reputation within specific functional areas such as M&A.

CONCEPTUAL FRAMEWORK

Within the marketing and management literature the topic of conceptualising and measuring corporate reputation has attracted considerable attention (Fombrun and Shanley, 1990; Fryxell and Wang, 1994). Different theoretical perspectives have been used to explain the importance of reputation (Fombrun and Van Riel, 1997). This paper examines the IB reputation–M&A link in the context of strategic management and marketing using the Resource-Based View (RBV) (Wernerfelt, 1984; Barney 1991). It is proposed that intangible resources, such as reputation, contribute significantly to performance differences among organizations because they are rare, socially complex and difficult to imitate (Rao, 1994). Reputation is an intangible resource based on multiple dimensions unique to particular IB’s and difficult to replicate. It provides IB’s with a competitive advantage in terms of repeat engagement in M&A activity and a sustainable revenue stream. IB reputation also aids clients in differentiating between IB’s for competitive advantage, through improved deal performance.

This paper develops a framework (Figure-1) to ‘tease out’ the effects of the multiple reputation dimensions taking an expanded view of IB reputation as well as M&A deal characteristics. It moves beyond the conventional measures of market share and tombstone rankings to consider multiple attributes which could be broadly categorized under the headings of emotional appeal, products and services, vision and leadership, workplace environment, social and environmental responsibility, financial performance, media exposure, specialisation, regulatory compliance and industry recognition which in the context of M&A’s could differentiate an IB from its peers to provide a competitive advantage. The model conceptualises that the influence of IB reputation on M&A deal characteristics and outcomes is moderated by characteristics of the acquiring / target firms as well as other advisors involved in the transaction. In turn the outcomes impact the IB reputation in the context of future deals and influence the perceptions of clients.

RESEARCH PROPOSITIONS

The theoretical linkages and conceptual model lead to a set of propositions, which posit that multidimensional reputation provides a competitive advantage to IB’s. This leads to better management of M&A deal characteristics in terms of improved outcomes.

IB’s forge linkages with other advisors and attract key talent to enhance their reputation and simultaneously gain and provide a competitive advantage. In line with the findings within the security market literature (Carter & Manaster, 1990), it is proposed that IB’s with better reputation deal with better performing clients, which minimizes risk and enhances deal performance. Proposition 1: IB’s with better reputation forge linkages with advisors with better reputations and attract better people.

Deal complexity (size) has been linked to the use of IB in M&A (Servaes and Zenner, 1996). However, deal complexity is not restricted to size and includes regulatory issues, mode of payment, type of deal and industry classification. Complexity tends to create greater information asymmetry and IB’s with stronger reputations are perceived to be better placed for reducing the asymmetry and lowering transaction costs. Proposition 2: IB’s with better reputation are involved in deals with greater complexity to improve performance where there is greater deal complexity.

IB’s need to maximise resource usage to maximise financial returns and improve organisational effectiveness to add to their reputation. The ability to close a deal signals the credibility of IB’s and contributes to the financial performance reinforcing its status within the industry through adding to its reputation. Rau (2000) finds a positive relationship between IB market share, fees and deal completion rates, with an increased likelihood of deal completion when a first-tier IB is engaged. Proposition 3: IB’s with better reputations are able to close M&A deals more quickly to achieve a higher rate of M&A deal completion.

Even with pressure to complete deals, IB's do not push to complete all deals and advise on withdrawal where there is minimal or no expected value addition. Rau (2000) found that though IB's have incentives to complete deals, they do not necessarily result in value destroying deals being completed, which could signal the inherent reputation concerns of IB's. Concurrently within the context of security markets more reputable IB's establish stringent evaluation standards (Tinic, 1988). Proposition 4: Reputable IB's apply stringent evaluation criteria increasing the probability of advising withdrawal from a deal where the benefits from acquisition are doubtful.

Acquisition premium is the price that convinces the target management to relinquish control discourages competitive bids and reflects the value of the company through elimination of inefficiencies and gains from synergistic benefits. Haunschild (1994) finds that under uncertain evaluation decisions, acquirers look to interlock partners such as IB's in deciding how much to pay with premiums related within firms using the same IB. Proposition 5: IB's with better reputation assess premium in each deal on its own merit based on specific deal characteristics.

It can be argued that IB's with better reputations advise better clients, requiring lower premiums to complete deals. Alternatively it could be stated that where better quality clients acquire better performing targets, it could necessitate the payment of higher acquisition premiums. Concurrently IB reputation concerns could moderate acquisition premium, as IB's would not like to be associated with excessive premium levels. Proposition 6: Better IB reputation leads to lower acquisition premium while better target IB reputation leads to higher acquisition premium.

The investment in reputation building by IB's allows them to charge premium fees and earn rents from the repeat participation in deals (Milgrom and Roberts, 1986). First-tier IB's charge higher fees as acquirers pay a premium for engaging these banks, perhaps to compensate for maintaining reputation. Some incentive features of IB contracts can create conflict of interest between IB and client. As repeat participants IB future income stream is tied directly to their reputation and although one-time excessive premium for a value destroying deal may increase the short-term profit such profit could jeopardise reputation and future fee income. For the costly acquisition and maintenance of reputation and as an incentive for maintaining credibility IBs charge a premium fee as compensation. Proposition 7: Better IB reputation leads to higher fee.

The literature on IB reputation and M&A deal characteristics links the choice of IB to abnormal returns. Servaes and Zenner (1996) find choice of IB dependent on deal complexity, type of transaction, prior experience of acquirer and level of diversification of target firm. Bowers and Miller (1990) examine this relationship to find that total wealth gains are larger when either the target or acquirer uses a first-tier IB while M&A gains have been related positively to IB fees and other proxies for IB efforts (Hunter and Walker, 1990). The acquirer choice of IB could be an important factor, which could determine the target choice of IB and significantly influence deal outcomes. In situations where both acquirer and target engage highly reputed IB's, such behavior could impact the level of resistance as well as negotiation within acquisitions, prolonging the proceedings and even leading to a situation where the acquirer fails to win the target. Proposition 8: If the acquiring company opts for a reputable IB, the target company would also opt for a reputable IB and if the target company wants to resist an acquisition it would opt for an IB with a better reputation.

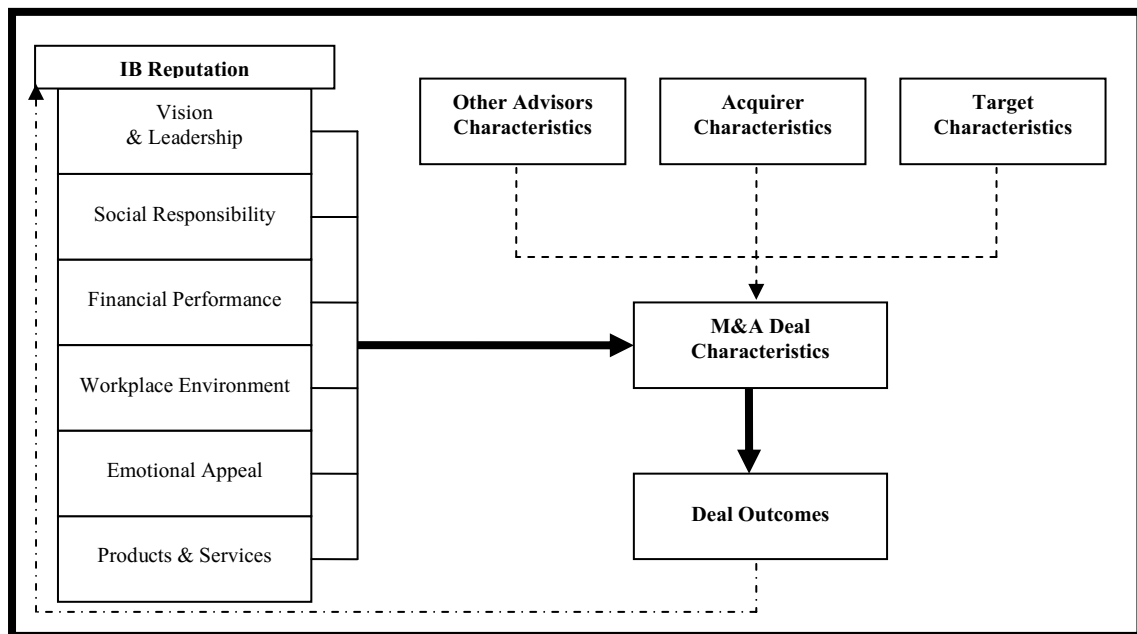
In the context of the post-acquisition performance overpayment has been cited as a reason for failure (Sirower, 1997), where the acquisition premium sets a threshold in terms of value creation. Alternatively, the magnitude of premium can be a significant determinant of tender offer success (Hunter & Walker 1990) and if fee is contingent on the deal outcome and the acquisition premium, there are incentives to advise higher premiums. Research links the accumulation of experience in prior acquisitions to performance improvement (Lubatkin, 1987; Fowler and Schmidt, 1989; Halebian and Finkelstein, 1999). If IB's condone higher premiums to complete deals, it could have implications for the acquirer in terms of subsequent value realisation. With reputed IB's applying stringent evaluation criteria (Tinic, 1988) to deals the chances for value creation in the post-acquisition stage should be enhanced. While no causality has been established between professional advice and merger performance, Rau (2000) finds that the IB reputation does not impact the post-acquisition performance of the acquirer in the US. Proposition 9: Better IB reputation leads to stronger post-acquisition performance of the acquirer and a longer association between the acquirer and IB in the pre-acquisition stage improves post-acquisition performance.

DISCUSSION

While extant research relies on market share or tombstone rankings to explain the impact of reputation, our research proposes that reputation is multifaceted and it is important to understand the influence of different attributes within the context of deals (Figure-1). IB reputation is a mechanism for increasing the likelihood of repeat participation in M&A activity by developing attributes that positively influence M&A deal characteristics and for clients to engage IB's with the relevant traits matching

the deal criteria to improve deal performance. A set of 9 propositions are developed and the potential implications of the findings are strategic deployment of resources based on the objectives of the IB and the clients to maximize competitive advantage. Attributes could be configured to foster the type of reputation necessary to manage deal characteristics in line with clients' requirements. This research focuses upon the M&A function of an IB, but provides a framework for investigating reputation, its determinants and consequences within other functional areas in the context of intermediaries as well as within the context of different geographic locations.

FIGURE 1: CONCEPTUAL MODEL



Source: Farrukh J Karamat

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OFFSHORE OUTSOURCING OF CUSTOMER SERVICES AND CONSUMER BEHAVIOR: TOWARDS A COMPREHENSIVE CONCEPTUAL FRAMEWORK

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INTRODUCTION

Offshore outsourcing is a fast-growing aspect of the world economy today with companies striving to reduce cost and improve productivity by shifting parts of their operations to overseas service providers in order to remain competitive (McCartney 2003; Ross 2003). Existing research on offshore outsourcing is primarily focused into the labor and ethical issues of outsourcing or on the effects of strategic outsourcing decisions on organizations (Clott 2004; Razzaque and Sheng 1998). There is little research on the influence of outsourcing on consumers, their perceptions, attitudes and behaviors. However, organizations are already becoming more cautious about moving towards outsourcing because of concerns about dilution of their image, lower customer satisfaction, reduced brand loyalty and an increase in customer complaints due to real or perceived concerns about cultural differences, lower service standards and loss of privacy (Cornell 2004; Data-Monitor 2004; Economist 2001; Kennedy 2002; Reilly 1997; Roy 2003).

CONCEPTUAL FRAMEWORK AND HYPOTHESES

Prior research in the country-of-origin area shows that consumers in developed countries tend to evaluate products and services from less developed countries unfavorably due to negative perceptions about their quality (Gronroos 1999; Javalgi, Cutler, and Winans 2001; Kotabe, Murray, and Javalgi 1998; Ruyter, Birgelen, and Wetzels 1998). Chao (2001) showed that for hybrid products where the country of design, components or assembly may be different from each other, country-of-origin effects are still applicable to its various elements. In this research, we extend this conceptualization to the context of offshore outsourcing of customer services. We call these services as hybrid services, in which different elements of the same service are performed in different countries e.g. in healthcare services the doctor may examine a patient in the US, their records and billing may be processed in India and their queries may be handled by operators in Philippines or Singapore.

Based on prior literature in COO area, we hypothesize several demographic variables (age, gender, education, occupation etc) to act as antecedents of consumer perceptions offshore outsourcing of customer services (Ali-Sulaiti and Baker 1998; Sharma et al. 1995). Moreover, we suggest that several psychographic variables (consumer ethnocentrism, patriotism, conservatism etc) would moderate the influence of these demographic variables on consumer perceptions. However, in this paper we focus only on one antecedent (home country) and one moderator (consumer ethnocentrism) along with several dependent variables (service quality, customer satisfaction, brand image, brand loyalty, repeat purchase intentions and complaint behavior).

METHODOLOGY

We used a survey-based research methodology to test these hypotheses. 100 consumers each were approached at local malls in three developed countries - United States, United Kingdom and Australia. They completed a questionnaire consisting of several well-established scales to measure all the constructs used in this study - Customer Ethnocentrism (Sharma et al. 1995), Brand Image (Aaker 1996), Brand Loyalty (Quester and Lim 2003), Service Quality (Parasuraman et al. 1988), Customer Satisfaction (Oliver 1997), Repurchase Intentions (Hellier et al. 2003), Customer Complaint Behavior (Singh 1988) in the context of offshore outsourcing by service providers in their countries, that they were familiar with.

RESULTS AND DISCUSSION

Consumers in all the three countries had lower service quality, customer satisfaction and greater complaint behavior towards firms using offshore outsourcing. However, the findings on brand image, brand loyalty and repurchase intentions were mixed, with customers in US and Australia showing lower brand image, lower repurchase intentions in Australia and unfavorable brand image in UK. On the other hand, high ethnocentric customers had distinctly lower perceptions for all the dependent variables compared to low ethnocentrics, thus supporting our hypotheses about the moderating influence of consumer ethnocentrism. We also found females and younger customers to be less ethnocentric and less influenced by offshore outsourcing of customer services, compared to older males as reported in prior research. Hopefully, this research would pave the way for a more comprehensive framework and further empirical work in this area because of its high managerial relevance.

References available upon request

MODELING INTERNATIONAL MARKET DEVELOPMENT: THE TOOLS OF PRODUCTION DEFINING THE STAGES OF MARKET EVOLUTION

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ABSTRACT

A fact of life that many people have noted is that paradigms which underlie social systems such as organizations, markets and economies change over time. For thousands of years, society was based on an agrarian paradigm (Toffler, 1996). In the U.S., this paradigm shifted in the 1800s to one based on industrialization. While elements of the industrial paradigm began during the Renaissance with the advent of the printing press and the concept of a standardized product, it wasn't until electricity became widely available that a critical mass of organizations switched over to this new paradigm. This shift initiated a change in thinking from individualized knowledge and ways of knowing to a standardized set of knowledge and the emphasis on generating a "common body of knowledge." It took a critical mass of these new ideals and the advancement of technology to enable a separation of communication from a tangible to an intangible product, and ultimately, to the next paradigmatic shift introduced by technology.

An often, overlooked element in changing social systems is the relationship between the levels of different dimensions of development within a country and its rate of change. The assumption appears to be that for a certain stage of development all levels of the dimensions of development are equally important and firms operate at equal developmental levels. However, Germani (1981) suggested the nature of change is asynchronous and development occurs at different times in different countries. Such asynchronous development is compounded by contrasting factor endowments (Kotabe and Helsen, 2004). It seems reasonable to question the assumption of equivalent levels of resources across all dimensions for all firms at a given level of development. A framework is proposed to help organizations understand the critical dimensions that need to be considered when addressing markets located in countries of varying stages of development. Although Porter (1980) indicates "no nation fits [into one stage] exactly," there are certain dimensions that define the development of a society. The point is argued here that the tools needed for various production activities vary widely across different industries and nations. The synthesized model we propose is defined around the tools available to production within a market. The tools associated with each stage of societal development include:

- Craft – Simple tools, hand tools, animal assisted agricultural tools.
- Mechanical - Advanced tools, gears, levers, etc.
- Electrical – Power driven tools.
- Technological - Complex tools using digital based computer chips.

Thus it is anticipated that a pattern for a "Craft" based society will have a higher value associated with the tools dimension related to simple tools than to the other categories. We expect a society in a "Mechanical" stage to have a higher based mechanical tool orientation, with this pattern following for societies in an "Electrical" stage and a "Technological" stage. Using cluster analysis, four clusters formed producing groups of countries with similarities on many levels. Countries shown in the technological stage (Australia, Canada, Denmark, Finland, France, Germany, Netherlands, Norway, Singapore, Sweden, the United Kingdom, and the United States) surpass other countries on all measures; however, the differences are more pronounced on some measures than on others. For example, the measures for the technological stage (# of televisions and # of personal computers per thousand people) far exceed other groups. The usage of electricity is also a strong indicator across the stages of development. The "Electrical" stage countries (Austria, Czech Republic, Ireland, Israel, Italy, Japan, Republic of Korea, New Zealand), although surpassed by the "Technological" stage in usage, consumes between 4100 and 7100 kw of electricity per person per year. Countries in the "Craft" (Angola, Bangladesh, China, Ethiopia, Kenya, Nepal, Nicaragua, Nigeria, Sri Lanka, Thailand, Vietnam, Yemen, Zambia) and "Mechanical" (Argentina, Brazil, Costa Rica, Iran, Kuwait, Mexico, Panama, Russian Federation) stages rank below countries in both the "Electrical" and "Technological" stages on all measures. What is interesting is that on a per capita basis, measures of agricultural production (ie. farm implements) and of GNP associated with "Craft" measures (ie. simple tools) and "Mechanical" devices (ie. levers) begin to approach levels of use shown in more advanced countries. These findings indicate societies and markets build on and refine existing capabilities, and the basic tools used in production are augmented rather than replaced, as a market transitions to the next stage of development.

References available upon request

**FOREIGN MADE PRODUCTS:
THE EFFECTS OF STEREOTYPES AND CONSUMER INVOLVEMENT**

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ABSTRACT

This study explores the role of consumer involvement and product attribute information as possible moderators to the effects of country of origin on product evaluations. In spite of the agreement among researchers that consumers' evaluations of foreign products are influenced by the country of origin, there have been mixed conclusions as to how the country of origin cue is used to form consumer's perceptions and evaluations. Major questions about the way consumers acquire, process and use the country of origin cue have been raised. For example, it has not yet been clear to researchers the process by which country of origin information influences evaluations and why this process holds in certain cases and not in others.

We propose that both consumer involvement and product attribute information moderate the effects of country of origin on evaluations of foreign made products. We find support for our arguments in the elaboration likelihood model which suggests that under conditions of high involvement, individuals will use greater cognitive effort to form a reasoned and rational opinion (Petty and Cacioppo, 1981). Results suggest that highly involved individuals base their judgments on the desirability of product attribute information despite the country of origin while individuals with lower involvement may use country of origin as the basis for their perceptions regardless of product attribute information.

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**EAST ASIAN AND NORTH AMERICAN CONSUMERS' PERCEPTION OF THE CORPORATE NAME, IMAGE,
REPUTATION AND LOYALTY**

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ABSTRACT

Conventional marketing wisdom states that corporate branding will boost consumer awareness of both the corporation and its products. However, though some consumers perceive what is called the "corporate charisma", others might be indifferent. This explains the divergence in scholars' as well as practitioners' opinions about the impact of corporate branding on consumers' product evaluation. In the present study, a literature review is undertaken by examining both Western and Eastern corporate branding thoughts. Based on a sample of 268 East Asian and North American consumers, the research results suggest that the effect of corporate name is relatively consistent across cultures. However, effects of corporate image, reputation and loyalty vary very widely.

ETHNOCENTRISM AND PERCEPTIONS OF THE QUALITY OF HOME COUNTRY AND FOREIGN ARTWORK: A COMPARISON OF ENGLISH AND HUNGARIAN ART VISITORS

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ABSTRACT

Interviews were conducted with members of the general public in London (England) and Budapest (Hungary) who reported that they visited art galleries. The aim was to ascertain (a) respondents' levels of ethnocentric tendency and (b) possible connections between ethnocentrism in relation to domestic and foreign artwork and certain personal traits. Participants' attitudes towards particular countries, their socio-demographic backgrounds and the degree of their involvement with the arts (i.e. a proxy of "product necessity" in the arts domain) were explored. Additionally, possible linkages between ethnocentric tendency, perceptions of the artworks of various kinds of country (i.e., culturally similar or dissimilar), and an individual's intentions to visit art galleries featuring work by artists from these types of country were examined.

INTRODUCTION

Arts establishments have often been accused of ethnocentrism, of nationalist bias and an overemphasis on patriotic exhibitions (see Reynolds, 2004). British and North American galleries in particular have been accused of mounting exhibitions that are "patriarchal, colonialist, self-referential and ethnocentric" (Lippard, 1990, p.8). Equally, curators of arts institutions and art critics have reported ethnocentric tendencies among arts audiences (Grayling, 2002). Examples of visitor ethnocentric bias reported in the (largely) practitioner literature extend to the reluctance of North American audiences to visit Moroccan and Arab-Andalusian exhibitions, low rates of attendance by white Australians at exhibitions of Aboriginal artists, and the difficulty that some curators have had in convincing US arts visitors that Latin American art was on an equal footing with the traditions of Europe and the United States. The present study compared art gallery visitors' perceptions of national and foreign art exhibitions in Hungary (where, allegedly, individuals have a tendency towards ethnocentric bias; see for example Lindquist et al., 2001) and England (where the opposite is supposedly true; see Ray and Hall, 2004). [Figure 1](#) summarises theories concerning ethnocentrism drawn from the academic literature in the field and applies them to an arts setting. It is posited that ethnocentric visitors may perceive "home-grown" artworks to be superior and hence prefer to visit exhibitions that reflect their own, or culturally similar, backgrounds while avoiding culturally foreign exhibitions.

Central and Eastern European nations with a history of turbulence have often exhibited strong "patriotic" emotions and national pride. Hungary, for instance, battled against occupying powers such as the Turks in the 16th century and the Habsburg and the Soviet Empires in the 19th and 20th centuries respectively (for details see for example Lindquist et al., 2001). It has been alleged that there exists a strong sense of patriotism in Hungary (Lindquist et al., 2001). In comparison to the nationalistic and patriotic sentiment in Hungary, the English (rather than the British) have been described as possessing lower inclinations to be patriotic and nationalistic (see Ray and Hall, 2004). Also they are said to be more likely to be internationalist in outlook (especially the younger generation). Mason (1995) argued that the apparent denial of the English of their own ethnicity was associated with the historically diverse ethnic and cultural origins of the country (Celtic, Roman, Saxon, Norman, Huguenot, Flemish, Central European and more recently Asian and Afro-Caribbean). This led to a distinctively individualistic worldview among many of the inhabitants of the country.

METHODOLOGY

The model depicted in [Figure 1](#) was tested on two samples of individuals living in Budapest in Hungary (N=153) and London in England (N=152). Data was collected in and around the museum districts of the two cities (South Kensington and Trafalgar Square in London; and near the Parliament building, in Heroes Square, and around the Buda Castle in Budapest). The CETSCALE proposed by Shimp and Sharma (1987) was used to measure ethnocentric tendency suitably modified to fit the arts context. Examples of the adapted CETSCALE items were: "I always prefer to support English/Hungarian art over foreign art", "A real English person/Hungarian should always place English/Hungarian art above foreign art", and "Visiting art exhibitions on show by foreign artists is unpatriotic". "Intention to visit" was assessed via an adaptation of an item suggested by Lumpkin, Crawford and Kim (1985). Thus, respondents indicated the extent to which they agreed or disagreed with the statement "If an exhibition featuring well-known artists from just my own country were to be mounted in the near future in my local area I would probably visit it". This was followed by the same question but inserting (i) the name of a culturally similar country (see below), and then (ii) the name of a culturally dissimilar country. Patriotism was evaluated

through the 12-item scale developed by Kosterman and Feshbach (1989). Examples of the items were "I am proud to be English/Hungarian" and "Patriotism is the first and most important requirement of a good citizen". Cultural openness was measured using the seven-item scale of de Ruyter, van Birgelen and Wetzels (1998). Examples of these questions were: "I take or I would like to take every opportunity to meet people from different countries" and "I am open-minded towards foreigners and their habits". Individualistic inclination was measured via the nine items of the "autonomy and independence" section of Banet's (1976) "Inventory of Self-actualising Characteristics" instrument. Examples of these items are "I feel no pressure to conform to social norms", and "My actions are based on my own choices, not those of others". Conservatism was measured with six items from a scale developed by Ray (1983), e.g., "Erotic and obscene literature should be prohibited from public sale" and "People who want more money should work harder for it instead of trying to get it off the government in one way or another".

Following relevant literature in the area, the study employed the USA as a country deemed to be culturally similar to England, and Poland as a country assumed to be culturally similar to Hungary. England and Hungary were regarded as culturally dissimilar. Perceptions of the quality of the attributes of artworks originating from England, Hungary, Poland and the USA were evaluated through five items based on Han and Terpstra's (1988) dimensions, viz. technical merit, prestige, workmanship, international reputation and whether artwork from a particular country would fetch "a lot of money" at an auction. Han and Terpstra's inventory was supplemented by four further items designed to capture the emotional dimension of perceived artwork quality. Following Han and Terpstra (1988) the nine (repeated for each country) items were aggregated to create a total product attribute rating for artworks from each country. Attitudes to the countries covered by the study were measured through the item employed for this purpose by Verlegh and Steenkamp (1999), i.e., "I have a favourable attitude towards the United States/ Hungary/Poland/England as a whole". To measure product necessity, adaptations of Sharma, Shimp and Shin's (1995) items were used, i.e., "Art/s and culture represent a vital part of my life" and "All in all, I am a true enthusiast when it comes to attending art exhibitions". Demographic questions about the respondents' gender, age, ethnicity, education level, financial status were included at the end of the questionnaire. Additionally the respondents were asked to record the last occasion that they had visited an art exhibition and were requested to indicate on a five-point scale the extent of their agreement with the statement "In general, I am a frequent visitor to museums and art galleries". The items in each of the above-mentioned constructs that were measured by more than three questions were factor analysed, unidimensional solutions occurring in each instance. All the dominant eigenvalues accounted for more than two-thirds of the variance in the relevant set of data and all the Cronbach's alpha values exceeded 0.75. Hence the items for each construct were averaged to form composite scales. The two items for product necessity were highly correlated ($R=0.81$) and thus were averaged.

RESULTS

The samples in each country were relatively evenly divided between males and females. However the median age of the members of the English sample was (at 43 years) higher than in Hungary (38 years) presumably reflecting the fact that Hungary has a younger population than the pre-2004 European Union average). The members of the Hungarian sample were on average significantly more patriotic and ethnocentric than the English sample, confirming the conclusions of previous research concerning this particular matter. The model depicted in Figure 1 was tested using the bootstrapping procedure of the structural equation modeling facility of the AMOS 5 package. Table 1 presents the results (only) for pathways with statistically significant parameters. It can be seen that the personal traits of patriotism, cultural openness, conservatism, and individualism exerted significant influences on ethnocentric tendency. Product necessity was a significant moderator in both samples (cf. Sharma, Shimp and Shin, 1995). This suggests that enthusiasm for art and psychological involvement with it substantially mitigate the effects of a person's ethnocentrism on perceptions of the quality of artwork both from the home country and also from culturally similar and dissimilar nations. Demographics were *not* a significant determinant of ethnocentric tendency in either sample. Younger people, women and the better educated were as likely to be high in ethnocentrism as others. Attitudes towards specific countries also failed to attain significance. Apparently, it was quite possible for a person to dislike a particular country yet still admire artwork from the same nation. A further similarity between the English and Hungarian samples was that the perception that the artwork of the respondent's own country was superior significantly increased the person's intention to visit exhibitions both of artists from the home country and of artists of a culturally similar country. As expected *a-priori*, the perception that artwork from a culturally similar country was superior increased the probability of visiting an exhibition of artists from a culturally similar country. The same applied to perceptions of the quality of artwork from a culturally dissimilar country.

Differences between the two samples occurred in relation to some of the consequences of ethnocentrism. In Hungary (where high ethnocentric tendency was more prevalent), ethnocentrism had a direct and significant impact on the intention to visit an exhibition of domestic artists ($\beta = 0.31$), but this was not the case in England. Thus it appears that the Hungarians

translated high ethnocentric tendency into an actual behavioural intention, whereas high ethnocentrism among the English respondents did not have this consequence. Another disparity was that whereas in Hungary ethnocentric tendency significantly affected the respondents' perceptions of the quality of artwork from Hungary *and* from other countries, the same was not true of the English. In the English sample, ethnocentrism was significantly more likely to see English artwork as superior, but did *not* regard US artwork as better or Hungarian artwork as worse.

Further research is needed into why this was the case. It may be, for instance, that people in London have a wider exposure to international travelling exhibitions than their counterparts in Budapest. The model provided a reasonably good fit to both sets of country data (GFI [Hungary] = 0.90, GFI [England] = 0.88; RMSEA [H] = 0.04, RMSEA [E] = 0.05; model Chi-square [H] [130 df] = 133.7, $p = 0.76$, Chi-square [E] [130 df] = 142.8, $p = 0.82$). The differences observed in the results for the two samples were tested for significance by constraining (in turn) each of the non-significant [Table 1](#) regression parameters for the English sample to the value computed for the Hungarian data. On each occasion the model Chi-square for the English data increased significantly (1 df, $p < .05$). Constraining all the insignificant parameters for the English data to the Hungarian levels caused the model Chi-square to double.

CONCLUSION

Several variables that previous research in the consumer ethnocentrism field has found to have significant influences on ethnocentric tendency exerted significant impacts in the present study. Moreover, ethnocentrism was observed to have a direct impact on the Hungarian sample's intention to visit exhibitions of home country artists and of artists from a culturally dissimilar country. Ethnocentric tendency was more prevalent in the Hungarian sample than it was in the English sample. Ethnocentrism was most common in young Hungarians who were relatively well-educated and financially well-off. Arts knowledge was highly and positively correlated with ethnocentrism in the Hungarian sample ($p < .001$). These results partially validate Grayling's (2002) proposition that individuals from well-off backgrounds and who possess a significant knowledge of art and art history (in this instance knowledge of Hungarian national art) can exhibit ethnocentric bias. Ethnocentrism affected visitor intentions within the Hungarian sample. Clearly, therefore, arts managers in Hungary (and in other countries to which the results might generalise) need to recognise the consequences that ethnocentrism may have on potential visitors to travelling international exhibitions, and tailor their promotional techniques and messages accordingly. In general, arts marketers need to recognise the effects that ethnocentricity might have on visitor numbers and the types of people that are likely to attend an exhibition.

A direct link between ethnocentric tendency and perceptions of the quality of the home country's artwork was evident in both samples. Ethnocentrism also affected the Hungarian respondents' opinions concerning the quality of the artwork of a culturally similar and a culturally dissimilar country. Irrespective of the links between ethnocentrism and perceived artwork quality, the latter variable *did* impact significantly on intention to visit. It follows that art managers should attempt forcefully to convince the public that a foreign travelling exhibition emanates from a country wherein artwork is *generally* of a very high quality, i.e., that art in that country is "technically advanced", "prestigious", and so on. Further research could uncover whether or not visiting habits stem more so from the differences in perceived quality of the artwork (i.e. the bias towards one's own country artwork) or whether visitor behaviour is more significantly influenced by moral arguments. Is it, for instance, morally wrong to support foreign artwork over domestic artwork in relation to supporting the arts community in a specific country? A deeper understanding of such phenomena would have relevance to country of origin theory.

Figure 1. A Suggested Model

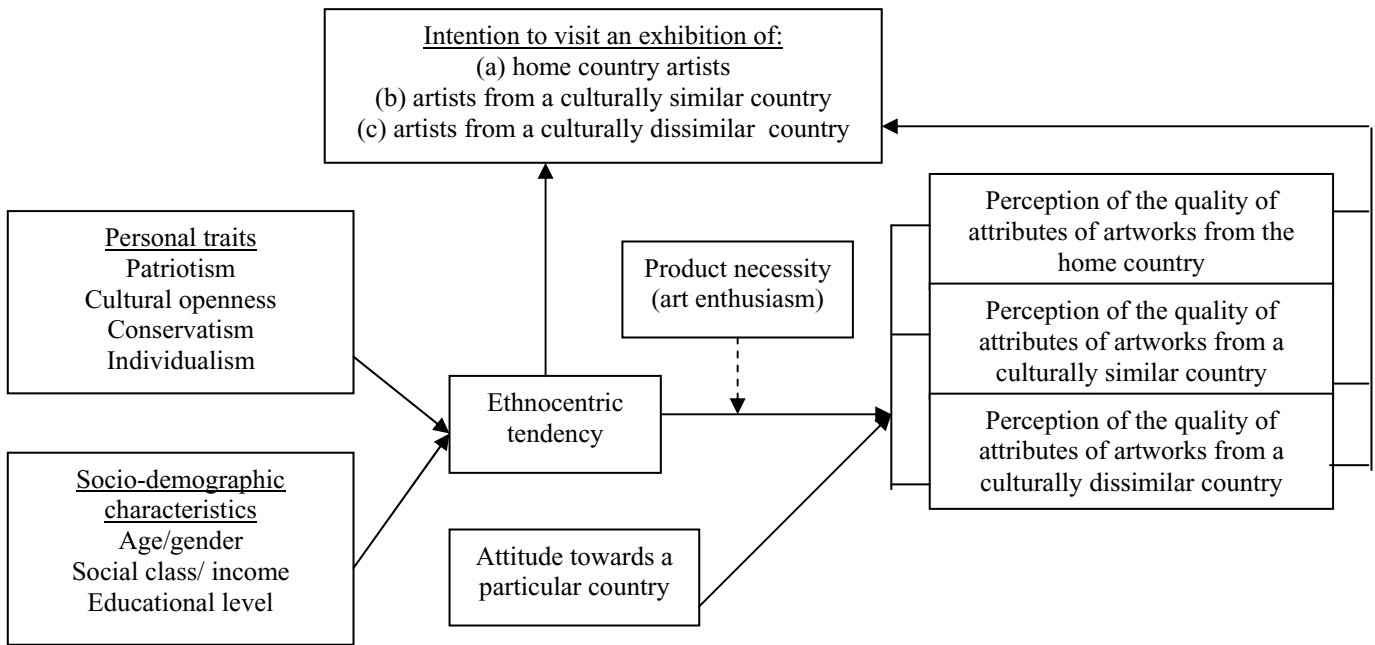


Table 1. Test of the Model	HUNGARY	ENGLAND
Ethnocentric tendency - patriotism - cultural openness - conservatism - Individualism	0.41 (4.01) -0.36 (3.24) 0.28 (2.99) -0.50 (6.06)	0.46 (5.11) -0.33 (3.07) 0.41 (3.95) -0.40 (3.98)
Perceptions of artwork quality as determined by ethnocentric tendency in respect of: (a) artwork from the home country (b) artwork from a culturally similar country (c) artwork from a culturally dissimilar country	0.29(2.25) 0.27(2.25) -0.46(3.88)	0.35 (3.33) NS NS
Moderating influence on perceptions of artwork quality: (ethnocentric tendency) x (product necessity) in respect of: - artwork from the home country - artwork from a culturally similar country - artwork from a culturally dissimilar country	-0.32 (3.01) -0.30 (2.78) 0.19 (2.06)	-0.30 (2.76) -0.19 (1.99) NS
Intention to visit an exhibition by domestic artists as determined by: (i) the perceived artwork quality of: (a) artwork from the home country ii) ethnocentric tendency	0.43 (4.42) 0.31 (2.98)	0.41(3.93) NS
Intention to visit an exhibition of artists from a culturally similar country as determined by the perceived artwork quality of: (a) artwork from the home country (b) artwork from a culturally similar country	0.19 (2.01) NS	0.20 (2.65) 0.26 (2.84)
Intention to visit an exhibition of artists from a culturally dissimilar country as determined by: (i) the perceived artwork quality of: (a) artwork from a culturally dissimilar country (ii) ethnocentric tendency	0.33 (3.03) -0.20 (2.20)	0.19 (2.07) NS

T-values in parentheses

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CONSUMER ATTITUDE TOWARDS CROSS-BORDER BRAND ALLIANCES: THE ROLES OF BRAND FIT, COUNTRY OF ORIGIN FIT AND BRAND FAMILIARITY

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ABSTRACT

Recent years have seen an unprecedented increase in cross-border brand alliances by firms from both related and seemingly unrelated industries. Firms engage in brand alliances to increase the consumer's perception of the brand's value by combining both brand identities and brand equities. They attempt to enhance their brand associations by allying with other brands whose attributes may be leveraged (Cooke and Ryan 2000). This study examines the growing phenomenon of cross-border brand alliances within the global marketplace and the potential factors that influence consumers' attitudes toward these alliances. Identifying the nature of the relationships among these attitude determinants will assist marketers in determining the conditions under which consumers will favorably evaluate these brand alliances.

Previous research has demonstrated that consumers utilize information about a brand's country of origin to develop their product evaluations and to form attitudes toward the product or brand. The purpose of this study is to investigate the influences of country of origin upon consumer attitude towards cross-border brand alliances. Building on an existing theoretical framework by Simonin and Ruth (1998), it establishes country of origin fit as a new variable that influences consumer attitudes toward brand alliances. Furthermore, the study examines the relative relationship of country of origin fit and brand fit under various conditions of brand familiarity.

This study utilized self-administered questionnaires with a sample of U.S. undergraduate students. It measured the respondents' attitude towards each brand, product fit, brand fit, and country of origin fit as primary determinants of consumers' attitude towards the brand alliance. Both real and fictitious brands were presented to ensure varying degrees of brand familiarity across the respondents. The results of the study demonstrate a new relationship between country of origin fit and brand fit in predicting consumer attitude towards cross-border brand alliances. When consumers are familiar with the brands involved in the alliance, the degree of brand fit has a stronger influence upon consumer attitude. During conditions of low brand familiarity, country of origin fit has more influence than brand fit upon consumer attitudes toward the brand alliance. These results extend research in understanding the relationship between the fit variables and the strength of their effects on brand alliance evaluations.

Deciding which foreign brands to ally with is a managerial decision based on the alliance's potential to leverage resources and build brand equity. One implication from the findings is that managers must take both primary and secondary brand associations into account when considering the potential impact of a new alliance upon consumer attitudes. Consumers have more favorable attitudes towards the brand alliance when the fit between the brands, the products involved, and the countries of origin are perceived as congruent.

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TOWARDS A MEASURE OF SOCIAL ADVERTISING SKEPTICISM

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ABSTRACT

A significant amount of research has looked at the effectiveness of social marketing, especially in terms of attempting to curb risky behaviors by teens and young adults. While this research has focused on issues such as the use of different kinds of appeals, the issue of advertising skepticism has not been considered in the context of social advertising. In this study, we review the relevant literature in both the social marketing and advertising arenas, and develop a measure of social advertising skepticism. We test this measure with a sample of teens from a French language school and an English language school, and demonstrate desirable psychometric properties as well as different types of validity.

SERVICE BLUEPRINTING IN THE NONPROFIT SECTOR: A CASE STUDY

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ABSTRACT

This paper examines the implications for nonprofits of managing donation exchanges using customer relationships management and service blueprinting. Based on a UK case study it identifies that there are a range of issues that might make managing donation services exchanges more complex than occurs in the for profit setting.

INTRODUCTION

The implementation of CRM relies extensively on technologies that allow for a better understanding of consumer behaviour, by examining consumers' (or donors' in the nonprofit setting) past behaviours. The objective of CRM is to allow organizations, for and nonprofit, to develop focused marketing activities that appropriately target selected segments of customers (Verhoef 2003). For nonprofits this means targeting individuals who are most likely to respond positively to the specific marketing program aimed at donations or other activities like volunteering (Ewing et al 2002, Conway 1997), which in turn will ideally reduce the resources or proportion of resources allocated to fund raising. CRM therefore allows nonprofits to be more efficient or maximise the return on activities, while strengthening relationships with donors (Verhoef 2003). In this way CRM allows nonprofits to better design unique marketing interactions, targeting specific segments of donors, who are defined based on information held within the CRM system and might include information related to the individual's 'value' to the organization (Sargeant and McKenzie 1999).

However, if CRM programs are to be effective, it is essential that the exchange process between the donor and nonprofit operates smoothly both from the organization's and donor's perspective (Gummesson 1998). Within the for-profit literature there are discussions of the management of service exchanges, including service blueprinting - a process that can be used to visually map intangible service systems across consumer and organization steps or activities (Shostack 1987). It has been suggested that nonprofits can also use blueprinting to meet customer expectations, in respect of the donation process (Polonsky and Garma 2005). All consumers have a set of expectations regarding the donation process, which can be referred to as a mental flowchart of how the service experience will operate (Lovelock, Patterson and Walker, 2004). Failure to deliver on expectations will result in dissatisfaction (Gummesson 1998), which in turn results in shifts in behaviour (i.e. donations) away from the organization in question. Given the increasing number of charities and increased competition for donation dollars (Dees 1998), donors might use failed experiences to modify donation behaviour (i.e. give less). Unfortunately, to date there has been limited examination of how nonprofit organizations manage donation exchange activities (Polonsky and Garma 2005). This paper is therefore designed to address this gap, by examining the application of service blueprinting within one case study organization. Understanding the donation process and donors' expectations will allow nonprofits to facilitate better donor experiences and thus strengthen the nonprofit's donor relationships

Within this paper we will firstly discuss the concepts of service exchange, service blueprinting and their application to a nonprofit setting. This will be followed by a discussion of a case study examining the application of donation blueprinting in one nonprofit organization. The paper will conclude with some recommendations for managing donation exchanges within the nonprofit setting.

THE DONATION EXCHANGE AND BLUEPRINTING

Polonsky and Garma (2005) have suggested that service blueprinting can be a valuable tool for ensuring that donation exchanges meet donor expectations and planned organizational processes. Such coordinated activity will ensure that customers' 'mental map' of the donation experience operates as anticipated. The complexity of donations and other exchanges means that activities need to be coordinated across donors, managers and employees involved in the exchange process. According to Zeithamal et al 1990 this could result in 'gaps' or failure of experiences for five reasons: 1) Managers incorrectly defining what customers' expect; 2) Managers develop the wrong service standards; 3) Employees do not deliver to developed standards; 4) Consumers develop incorrect expectations, possibly because of organizational miscommunication; and 5) The actual experience does not meet expectations.

The nonprofit organization therefore has the ability to impact on the donation experience in a number of ways and research by Sargeant (2001) identifies that a range of factors are important to customers. For example, Sargeant (2001) found that courteous communications (corporate and employee) and various interactions with employees significantly impact on donors' perceptions of service quality. Such activities are part of the exchange process *and* are something that organizations can manage, thus impacting donor satisfaction. In this regard nonprofits need to have a mechanism for managing the various aspects of the donation exchange process and the blueprinting process may provide such an opportunity. Shostack (1984) explained that blueprinting allows the organization to visually depict the service process, both from the consumer perspective as well as the business perspective. Blueprinting is concerned with mapping actual experiences and interactions, which of course would be compared to some 'ideal' operation of the service exchange. In this way the nonprofit, or other organization, would be able to identify what was happening and take corrective action in areas where interactions or internal operations were not operating as anticipated. Customer experiences will be enhanced, as any bottlenecks or barriers to exchanges will be eliminated. There are six steps associated with building a blueprint the donation experience (adopted from Zeithaml and Bitner (2000 p212) :

Step 1: Identify the Donation exchange to be Blueprinted

Step 2: Identify the Donor Segment

Step 3: Map the Donation exchange from the Donor's Point of View

Step 4: Map Contact Employee Actions, Onstage and Backstage

Step 5: Link Donor and Contact Person Activities to Needed Support Functions

Step 6: Add Communication and Evidence of Donation at Each Customer Action Step

Defining the donation process to examine (Step 1) may be difficult given the overlapping sets of ongoing donor interactions, resulting in one exchange being affected by other exchanges. For example, a donor will not necessarily separate the experiences associated with 'joining' the organization from their experiences associated with purchasing raffle tickets or merchandise. CRM processes might however allow organizations to segment donors on multiple activities and allow nonprofits to manage sets of exchanges rather than an individual exchange.

Defining a given segment of donors to be targeted (Step 2) may also be difficult as each type of exchange often targets multiple donor segments. Again CRM and database mining may be techniques that assist nonprofits to identify the most valuable donors, who would warrant more focused nonprofit attention, in regards to managing the exchange process (Aldrich 2000, Miller and van Wyk, 2000). The 'return' to segmenting donors would need to determine whether this is economically viable, even though it allows nonprofits to enhance donation experiences for some donors.

Defining donors' perceptions of the donation experience or anticipated experience (Step 3) will have potential difficulties especially when donors have fluid and ongoing relations with the nonprofit. As such it may be difficult for donors to 'define' the specific activities associated with one experience, as interactions relate to multiple exchanges at the same time, especially when donor's have high levels of intrinsic commitment to a nonprofit, such as a strong emotional attachment to the issue under consideration. If nonprofits do not segment their activities then donors may be more heterogeneous (Polonsky and Garma 2005) making it difficult for one group to define activities with an exchange that might have multiple objectives. This would make defining one set of evaluative service criteria difficult, potentially resulting in some donors being dissatisfied with the donation exchange, while others would be satisfied with the same experience.

Having the organization openly define the internal activities associated with the donation exchange is the next step (Step 4) and requires input from multiple levels, including front line staff (i.e. those interacting with donors) and backstage staff (i.e. support staff), where volunteers are also included if they are used. As was suggested by Zeithaml et al (1990), it is the actual interactions that need to be mapped out rather than 'ideal' processes. Nonprofits also need to involve those responsible for outsourced activities to determine what actually happened in donation exchanges, rather than what are the contracted service dimensions.

Examining how organizational activities and customer experiences fit together is the fifth stage of the process. Ensuring exchange processes operate as designed may be more difficult for nonprofits when relying extensively on volunteers, as these individuals will have a diverse range of motivations for "assisting" the nonprofit. Ensuring performance standards are maintained will be harder given there is no paid employment relationship. In addition, volunteers would be both a donor in regards to giving their time, while at the same time an "employee", resulting in them being both a deliverer in one process and a receiver in another exchange process.

The final step in the blueprinting process (Step 6) requires that the nonprofit manages its communication and physical evidence, to match the desired process. For nonprofits this may mean that activities that are seen as ‘too professional’ are negatively perceived. For example, materials such as “glossy” brochures could be perceived by donors as a waste of donations and thus inconsistent with their perceptions of the exchange (Sargeant 2001).

All these factors are taken into account when the nonprofit then visually maps out a blueprint of the donation exchange process. This will involve a range of activities and donor-nonprofit interactions, all of which need to be managed. This management requires coordinating activities across multiple individuals internal to the nonprofit and externally outsourced. The blueprinting process will identify a number of issues that need to be considered when managing the exchange process. Some of these include:

- Does the nonprofit’s communication reach the targeted donor and is the message consistent with the donors’ expectations?
- Is relevant information integrated into the CRM system, which is essential to allow exchanges with the new donor to be tracked?
- Are exchanges requirements are completed, i.e. invoices or promised appropriate information is sent?
- Are ongoing exchanges (or lack of) monitored, and are adjustments to CRM systems made?
- Is there an evaluation of communication to determine its salience to donors and non-donors?

METHODOLOGY

The blueprinting process requires highly contextualized qualitative information on donors’ experiences, as well as the views of various members of the nonprofit organization in regards to the donation exchange (Polonsky and Garma 2005). This analysis is exchange specific and thus is not generalizable across organizations. A case study approach is therefore warranted, particularly given that detailed information is required on all aspects of the donation exchange from donors, as well as nonprofit managers and operational staff. A UK based non-profit organization formed the basis of this study which focused on animal welfare issues. It has approximately 20,000 active donors and 6000 members, most of whom are also donors. Revenue flows from both groups through; membership fees, appeals/donations, merchandising activities, and bequests. All activities including communications and fundraising/donations are internally managed and operated by 25 staff with the support of a range of volunteers both at head office and in local affiliated groups.

Contact was made with donors of the organization to participate in a focus group. The number of respondents exceeded those needed with many donors expressing an interest to discuss issues associated with the project in one- on- one phone discussions should there be a need. One focus group was held with six donors at an off-site location. In-depth interviews were also held with; a) the manager who was responsible for overseeing all activities, b) the individual responsible for operational activities associated with donations, and c) a consultant employed to assist in developing fundraising activities for the nonprofit. The focus groups and interviews were all taped and transcribed. A review of these materials was undertaken to identify how the various parties perceived the internal and external aspects of the donation process. Inconsistencies in views would identify potential problems in regards to the operation of the donation exchange process. The descriptive analysis of these discussions allows the development of an understanding of the donation exchange following the blueprinting process.

THE CASE ANALYSIS OF ONE SMALL NONPROFIT

The donors of the targeted nonprofit identified that they participated in a range of exchanges with the organization including membership, donations, purchase of merchandise and volunteering. Most donors had great difficulty recalling exactly what facilitated the initial interaction with the organization, although several identified general issues e.g. publicity in the media generated awareness to seek out the nonprofit. The emotive issues associated with the nonprofit seemed to trigger intrinsic drivers for all those in the focus group.

Nonprofit staff identified that while there were some focused communication activities (specific appeals or merchandising activities) a “shot gun” approach was generally used. That is *all* individuals within the nonprofit’s database or those seeking information on the cause would generally receive the same information, with limited differentiation. Donors and managerial staff also identified that in addition to head office interactions, there were also local affiliated groups interacting with donors and potential donors. There was however, limited information shared from these local groups to the head office and as such it was not possible to identify what they were communicating or who they were targeting. It appeared that donation solicitations were integrated into all communications, but there was limited segmentation of donors and potential donors using CRM.

Having said this it should be noted that this deficiency was clearly recognised within the management of the organization as something that needed to be addressed, although there was some concern about the economic viability of segmenting their market with CRM.

In regards to donors' satisfaction with the donation exchange, they identified that exchanges generally went well and there were no major difficulties encountered. Management, however, identified that there were some potential bottlenecks in the donation exchange process. In one case the automated telephone system had been streamlined to allow easier donor contact to people rather than to another level of automated menus. The nonprofit organization also established donation hotlines during appeals to minimise difficulties, even though problems were not identified by donors.

In regards to acknowledgments, during peak donation periods management felt that organizational response speed was slower than would have been preferred. It was suggested that this may have been due to the fact that internal staff were reallocated to support this role, which in some cases was subservant to other core functions and activities. The other issue identified in the interviews was the fact that there were no formal structures associated with coordinating or managing local affiliated groups and as such it was not possible to comment on how these interacted with donors or other stakeholders. It should be noted that no problems related to affiliated organizations were raised by donors attending the focus group, but any inconsistencies in actions would potentially negatively impact on donors.

Direct communications (i.e. the main physical evidence) adopted, for the most part, a one size fits all approach. Some of the donors identified that they found the materials unnecessarily confronting, with one respondent indicating that she found the materials so depressing she was 'afraid to even open the envelopes'. It was suggested by several donors that some of the materials seemed to be preaching to the converted. Donors suggested the idea that there could be different communication for non-donors/members and donors/members. Management recognised the fact there was no segmentation of information and this was potentially problematic. It was also acknowledged that in some cases the cost of existing communications was more than the value of the donations received. However, it was also suggested that in some cases this value would only be recognised much later in the future, in the form of a bequest. The example was given of the pensioner who made minimal donations, but who left their house to the nonprofit when they died. It was suggested that in some cases these bequests may have even been from people who were never in a position to donate or were involved only at the local level and thus were not in the nonprofit's database.

The use of CRM was discussed as a possible solution to better target information to donors. It was suggested that the costs of creating different communications did not justify their development. While not discussed, the cost of sending materials that alienates donors could in fact mean that there is a hidden benefit in segmenting these groups in the form of lost donations to be maintained. There was some brief discussion that the Web might be used to assist in the targeting of information, although this was not presently possible with printed materials.

DISCUSSION AND CONCLUSION

The case identifies the fact that managing the donation exchange process for nonprofits, especially smaller nonprofits, may be extremely difficult. The organizations are frequently undertaking multiple exchanges with each donor and thus isolating activities and the management of activities will be difficult. While service blueprinting may potentially be a tool that can be used, it is unclear if it can handle the degree of complexity associated with multiple exchanges and interactions. That is the impact of one unrelated exchange will impact on how donors interact in other exchanges.

The case identified that there would seem to be a range of areas where CRM might be applied. That is developing more targeted interactions and communications with specific donors (or potential donors) might ensure information needs are met. However, the use of traditional print communication might make such segmentation more difficult for smaller organizations. Developing focused communication, even if it is simply changing the pictures used, will be an expensive exercise. This can be readily done using technologies such as the internet, which may increase in suitability as donor use of these technologies changes, at least for the one nonprofit examined.

An important point highlighted in this case is that nonprofits, even smaller ones, seem to recognise the need to move to adopting CRM and its supporting technologies. This in itself might identify a potential public policy opportunity that is to assist nonprofits in developing technological capabilities, as this will allow them to both strengthen relationships with donors, at the same time as improving organizational efficiency. The case also identified several complexities that need to be addressed in regards to managing donor relationships using CRM. First and foremost this assumes that there are ongoing

relationships exchanges, which may not be always occur for all donor segments. That is managing relationships with people who might make bequests, because of some peripheral relationship (i.e. local involvement or simply issue support) means that using life-time value measures suggesting individuals are marginal donors and thus not important, could potentially lose significant future income. Unfortunately there may be limited opportunity to nurture such relationships as they are less well-defined, although CRM might allow profiles of such donors to be developed in the longer term.

Another exchange issue of potential concern related to the coordinating of local affiliated groups, although neither management nor donors identified it as a present problem. From a CRM perspective, it will be increasingly important to ensure that local affiliated groups have structured information flows to and from head office related to affiliate activities and their members. This type of coordination will be essential if standardised levels of exchanges can be maintained (similar to what happens in franchise in the for profit sector). However, such coordination carries the danger that the 'individuality' of local groups is what gives them inherent value and thus 'restricting' activities through coordination will limit their appeal. Of course any attempts to coordinate/standardise activities or even to facilitate better communication of information, will require resources to be allocated to manage local groups and ensure they properly understand their responsibilities.

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**THE EFFICACY OF ANTI-SMOKING ADVERTISEMENTS:
THE ROLE OF SOURCE, MESSAGE, AND INDIVIDUAL CHARACTERISTICS**

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ABSTRACT

The decades since the first Surgeon General's warning about the adverse effects of smoking emerged in the early 1960s have been exemplified by significant and sustained efforts geared towards mitigating tobacco consumption in the general population. Despite intense labors by academics and practitioners alike, the psychological processes underlying such behaviors are not fully understood and smoking behaviors remain widespread—the Center for Disease Control (2004) reports that 28.5% of high school students smoked in the year 2001 and classifies approximately 46.2 million adults in the U.S. as smokers. We seek to add to the body of knowledge pertaining to smoking cessation by identifying factors that influence smoking related attitudes and behaviors.

Sources from which messages about risky behaviors emanate are manifold—such as mass-communicated messages (e.g., via public service announcements) or more personal ones (e.g., by peers). The direct effects of mass-communications and peers have been extensively researched within the context of risky behaviors like tobacco consumption, sexual activity and substance abuse (Keller and Block 1996; Santor, Messervey and Kusumakar 1999; Smith and Stutts 2002). Much of the research on peer effects has been devoted to people's conformity to peer pressure—i.e., an influence of *others on self*. Examinations into peer effects of *self on others*, however, are lacking. It can be argued that a more realistic view of the influence of peers should take both of these effects into account—where people are both influenced by as well as influence others. In other words, people can be viewed as conduits of anti-smoking messages, receiving and processing messages before passing them along to others. Anecdotal evidence indicates the presence of word-of-mouth communications or a “buzz” surrounding public service announcements. It makes sense therefore to look at the direct effect of messages contained within public service announcements, as well as the indirect effect through the buzz that is generated by various in- and out-group members (e.g., by friends and family members, or by strangers).

This research investigates the efficacy of these direct and indirect sources of anti-smoking messages. Specifically, it examines the direct influence of advertised messages and the indirect effect of the subsequent buzz that is created. Two studies examine the role of - (a) source characteristics (i.e., messages disseminated through mass media and subsequently via word-of-mouth from friends or strangers); (b) message characteristics (i.e., messages that induce either low or high fear); and (c) individual characteristics (i.e., gender based differences within the target audience)— in attitude-formation towards smokers, the act of smoking, propensity to smoke, and the likelihood of being influenced as well as the likelihood of influencing others to quit. Message efficacy was found to vary by gender, type of ad appeal, as well as group membership of word-of-mouth communicators. Men held more positive attitudes towards smokers and smoking and were less susceptible to anti-smoking messages. Further, as might be expected, anti-smoking messages from immediate peers (as opposed to strangers) had a greater impact, and high fear ads were more influential. This was especially true for women. Implications of these findings for the design of anti-smoking campaigns are discussed.

References available upon request

COMPLAINT COMMUNICATION MEDIA AND THEIR IMPACT ON CUSTOMER JUSTICE EXPECTATION: AN EXPLORATORY STUDY

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ABSTRACT

Marketing researchers and managers have recognized the importance of soliciting and resolving customer complaint and developed a good knowledge base about customer complaint. Though their studies suggest that effective communication plays an important role in service recovery, researches focused on communication, especially communication media have been relatively narrow. As a result, a few questions remain unanswered. For example, do customers prefer certain complaint media to others? What factors would influence customer media choices? How different media choices lead to different resolution expectations? In recent years, firms are investing significant resources to expand complaint media, and answering those questions will help firms incorporate media factors to a more effective handling strategy. This study seeks to bridge the gap between communication researches focused on media selection and service complaint researches focused on customer recovery expectations by exploring the determinants and outcomes of media choices. We attempt to find out 1) whether customers prefer rich media to lean media for service complaint; 2) whether past experience influence future selection of specific media; 3) whether the type of media affects customer expectations.

Complaint researches demonstrate that customer perception of justice significantly affect customers' ultimate satisfaction (Tax et al 1998; Speaks and McColl-Kennedy 2001). Three dimensions of justice have been identified: distributive justice, which focuses on the perceived fairness of outcome; procedure justice, which concerns the procedure used to reach the outcomes of an exchange; and interactional justice, which addresses the way customers are treated through the process (Smith, Bolton and Wagner 1999). On the other hand, media richness theory describes communication media as possessing a set of objective characteristics that determine each media's capability to carry rich information (Daft and Lengel 1984). Rice (1992) ranks media based on the range of information they can carry: face-to-face as the richest media, followed by telephone as the semi-rich media, and email and postal mail as the lean media.

The key finding of the study is that rich media (face-to-face) is the most-frequently used complaint media, especially when customers experience process failure and high magnitude failure. Interestingly, customers perceive rich media as the best media choice regardless of dissatisfaction with rich media in the past. The finding points to the importance of having specific customer representatives to handle face-to-face complaints. Though new technologies provide firm with options to handle complaints in a timely manner, firms should keep investing on face-to-face complaint service, and make it easily accessible to customers. Furthermore, rich media results in higher expectation of distributive justice. Firms need to train front-desk employees who handle face-to-face complaints with comprehensive compensation knowledge, and provide them guidelines to compensate dissatisfied customers. The proper use of discount or rebate may help meet complainants' expectations. Additionally, the results indicate that postal mail is the least-frequently used media, and email may substitute postal mail in the future. Another encouraging finding of the study suggests that past satisfaction with the lean media will have a positive effect on future lean media use. Purdy and Nye (2000) argue that one must go through a learning process prior to becoming proficient on computer mediated channels. When firms have limited resource in providing optimum media or attempt to use email as a new complaint media, they should provide some forms of communication training to support email users. Most importantly, firms should better create satisfactory recovery experience for complainants who use email. As a result, customers will gradually develop new insights and experiences toward email, and firms can then expand the communication possibilities of media.

**NOT ALL SMILES ARE CREATED EQUAL:
HOW EMPLOYEE-CUSTOMER EMOTIONAL CONTAGION IMPACTS SERVICE RELATIONSHIPS**

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ABSTRACT

The concept of employee-customer emotional contagion, defined as the flow of emotions from employees to service customers, and its impact on customers' assessments of their service encounters with employees are examined in this paper. Drawing on interpersonal relationship research, we investigate the influence of service employees' display of positive emotions on customers' emotional state and, subsequently, their assessment of a service interaction and their relationship with the service provider. To test the proposed impact, 223 consumers participated in a simulated service encounter with actors playing the role of service employees. In a 2 X 2 factorial design, these "employees" varied the extent of their smiling behavior and the type of emotional labor strategy used by engaging in either surface acting or deep acting. Results provide support for emotional contagion in that service employees' emotions have a direct impact on the emotional state of customers. Furthermore, an employee's display of emotions and the emotional contagion process are found to exert an effect on customer outcomes. Implications are discussed.

References available upon request

**SOCIAL CAPITAL IN CO-PRODUCTION ENVIRONMENTS:
A CONCEPTUAL MODEL FOR KNOWLEDGE INTENSIVE BUSINESS SERVICES**

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ABSTRACT

The paper examines the role of social capital in customer co-production in knowledge intensive business services (KIBS). It proposes a model of antecedents and consequences of social capital in the KIBS context. Antecedents of the three dimensions of social capital – structural, relational, and cognitive - are identified based on a survey of the literature. Location is specified as an antecedent of structural social capital. Among the antecedents of relational social capital are reputation, previous satisfaction, and expertise. Effective conflict resolution and information exchange are specified as antecedents of cognitive social capital. The paper enriches the dialogue on co-production in KIBS environments by its introduction of the notion of social capital, which has attracted considerable research from scholars in several disciplines.

MANAGING SUPPLY CHAIN RELATIONSHIPS IN A CAPACITY CONSTRAINED ENVIRONMENT: AN OPERATIONAL PERSPECTIVE

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ABSTRACT

An extensive stream of marketing research has been based on the relationship paradigm, where buyers and sellers develop strategic relationships based on trust and commitment in order to achieve mutual goals (Wilson 1995; Dwyer, Schurr and Oh 1987; Morgan and Hunt 1994). Today's increasingly turbulent and complex environments are bringing about new, leaner, and more specialized organizations (Achrol 1997). To deal with these increasing complexities, supply chain management (SCM) has been widely discussed as a means to strategically reconfigure business in a systematic way to optimize the long-term performance of all entities involved in delivering value to end-customers through collaboration and partnerships between firms (Bowersox, Closs, and Cooper 2002). Firms adopting a collaborative perspective work across organizations in order to achieve collective goals (Stank, Keller, and Daugherty 2001), and as a result, these interfirm partnerships can positively affect corporate profitability by both increasing sales and decreasing costs (Sharma, Grewal, and Levy 1995).

While developing relationships impacts performance on the individual firms as well as the supply chain, the gap in the literature is how those relationships facilitate firm decisions regarding allocation, sharing, and management of resources on an operational level. What is needed is more theory about how strategic relationships between firms affect operational decisions, especially how each firm allocates resources to improve performance, as measured by operational metrics that should influence overall firm performance. Therefore, the first objective of this research is to utilize theories grounded in the marketing literature to explain how firms in collaborative relationships integrate processes and information at the operational level to drive efficiency into the system and develop win-win outcomes for all participants.

While firms are learning that no one company is big enough and strong enough to do everything on its own (Vyas, Shelburn, and Rogers 1995), another base of literature also provides evidence that buyer-seller relationships are likely to have relatively high instability rates and generally tend to fail and terminate at excessively high rates (Das and Teng 2000; Madhok and Tallman 1998). Because behavior, of whatever kind, cannot be analyzed or explained independently of the context in which it occurs (Bonoma, Bagozzi, and Zaltman 1983), environmental factors can exert a strong influence on firms' needs and willingness to engage in collaborative relationships, thus influencing the ultimate success of those relationships. Another research gap entails applying specific contexts to better understand why firms develop relationships. Therefore, the second objective of this research involves demonstrating how environmental factors, specifically a capacity constrained setting in the transportation industry, can influence shippers to form long-term relationships with their carriers, and how these relationships can lead to improved performance at the operational level.

To facilitate understanding about how supply chain relationships influence operational decisions, the paper presents a description of the current environment in the transportation industry. This provides the rationale for supply chain partners creating mutually beneficial relationships to overcome environmental constraints and create value for end customers. A model is presented to show how shippers and carriers can combine resources to create efficiencies and improve performance at the dock level, which is one of the most operational logistics decisions (Stank and Goldsby 2000). Finally, managerial and theoretical implications are presented, and simulation methodology is offered as an appropriate tool for managerial decision making and future research to explore performance outcomes given different levels of resource investments from shippers and carriers.

THE EFFECTS OF CORPORATE ENVIRONMENTALISM ON VENDOR SELECTION: AN INSTITUTIONAL VIEW

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ABSTRACT

Corporations are facing increasing pressures for environmental responsibility from various regulatory, normative, and social institutions. The mandate is to become more environmentally concerned or find it difficult to achieve long-term sustainable growth and avoid government intervention. This paper investigates what policies a company can follow in vendor selection to pursue improved environmental responsibility. A roadmap is developed for industrial purchasing decision-makers with a discussion of integration of environmental concerns into business routines and implementation of environmental purchasing decisions.

INTRODUCTION

Corporate environmentalism or ecological concerns began to reshape the business organizations, marketing planning and strategy, and global landscape of competition. As part of Corporate Social Responsibility (CSR), environmentalism is one of indicators of a firm's ethical responsibility in marketing practices. In business-to-business purchasing, environmental performance is fast becoming a vendor selection criterion. However, there is a dearth of research on the impact of environmentalism on vendor selection in marketing literature.

RESEARCH OBJECTIVES

Through the lens of institutional theory, this conceptual paper attempts to analyze the institutional influences on the adoption of environmental criteria in vendor choice decision-making process. Three determinants (perceived environmental friendliness, perceived value, and perceived compatibility) of environmental friendly products and five firm criteria (reputation, environmental management system, commitment, flexibility, and environmental communications) are identified in the industrial vendor selection. We suggest that those eight factors should be related to a firm's environmental credibility.

HYPOTHESES DEVELOPMENT

Perceived environmental friendliness has impact on the consumer's purchase intention, which in turn, compels companies increasingly examine multiple environmental attributes before making purchasing decisions. Our proposition 1 is: The more environmental friendly a product is perceived to be, the more likely it is to be chosen by an organizational buyer. We propose that the motivation of organizational buyers to purchase more eco-friendly products be affected by the perceived compatibility of the products rather than it concern of less harmful impacts on environment. Hence, the third proposition is: In vendor selection, a company's purchase of an environmental product is affected by the compatibility of the product with its present production characteristics.

References available upon request

**THE EFFECT OF TOP MANAGEMENT TEAMS ON BRANDING CAPABILITY:
THE MODERATING ROLE OF FORMALIZATION**

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ABSTRACT

In this study, the authors examine how top management team commitment, communication, and risk aversion influence branding capability- an ability to integrate and deploy resources to build a strong brand position. The role of formalization is also investigated to understand whether it facilitates or impedes the effort of top management teams on branding capability. Empirical results strongly support a positive effect of top management team commitment and communication towards branding capability. Furthermore, formalization positively and negatively moderates the effect of top management team communication and commitment, respectively on branding capability. Implications for branding strategy are discussed.

TRADEOFF BETWEEN PUSH AND PULL STRATEGY: THE MODERATING ROLE OF BRAND AWARENESS

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ABSTRACT

The authors examine brand awareness, distribution intensity, and their interaction effect on consumer heart share and market share. Data collected from both retailers and consumers in the consumer electronics shopping center are used to test the conceptual framework. Empirical results show that consumer heart share is positively related to brand awareness, and market share is positively related to distribution intensity and brand awareness. The findings also suggest that brand awareness, playing a moderating role in the impact of distribution intensity on marketing outcomes, should deserve more attention.

INTRODUCTION

Companies usually face the question of “how to allocate marketing resource appropriately,” as they are eager to find out whether they are over- or under-spending on advertising and trade promotion. Marketing managers often try to optimize their spending on advertising to grow brand awareness, as well as on trade promotion to encourage distribution. Unfortunately, they are sometimes puzzled over how to allocate resources appropriately. In this article, we provide a conceptual framework and investigate the contingency relationship between marketing mix strategies. In general, marketing theories have distinguished two resource allocation strategies: *push* and *pull*. A “*push*” strategy makes use of a company’s sales force and trade promotions directed at channel intermediaries who are supposed to carry and promote products to end users. A “*pull*” strategy involves activities directed at end users in order to attract them to intermediaries for the product, and thus induce the intermediaries to order the product from manufacturers (Kotler et al. 1999). The success of a company is greatly influenced by how push and pull efforts are combined. We use distribution intensity and brand awareness to represent push and pull marketing efforts respectively, and investigate their direct and interaction effects on two marketing outcomes: consumer heart share and market share.

HYPOTHESES

Manufacture’s Influence on Heart Share

Consumer heart share is the percentage of customers who choose this brand in response to the following statement “Name the company or brand from which you would prefer to buy the product (Kotler et al. 2003, p236), and it denotes the emotional relationship between a consumer and a particular brand product, retailer, or service provider (Day 1989). Share of consumer’s heart has been regarded as a leading index of a firm’s future profit because it’s highly associated with positive word of mouth and brand loyalty that are essential for those marketers who want to build a stronger customer relationship. According to Aaker (1991), brand awareness is the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category. The level of brand awareness can be measured by (1) aided brand recall; (2) aided or unaided brand reorganization; (3) first-named brand. Each method represents different hierarchy level of brand awareness. Marketers frequently rely on advertising to attain brand awareness. Studies of advertising also suggest that the effects of advertising on consumers can be broadly classified into three main effects: a current effect on behavior, a carryover effect on behavior, and a non-behavior effect on attitude and memory (Mela, Gupta, and Lehmann 1997; Pechmann and Stewart 1988; Sawyer 1981; Sawyer and Ward 1976). A firm’s advertising activities achieve its brand awareness, and ultimately a share of heart and market (Saloner et al. 2001), so we posit that consumer heart share is positively related to its brand awareness.

H1: Consumer heart share is positively related to its brand awareness.

The use of too few intermediaries can limit a brand’s level of exposure in the marketplace but too many intermediaries might harmful to the brand’s exclusive perception (Frazier and Lassar 1996). Therefore, Stern, El-Ansary, and Coughlan (1996, p. 340) state that “one of the key elements of channel management is deciding how many sales outlets should be established in a given geographic area.” Distribution intensity has been defined as the number of intermediaries used by a manufacturer within its trade areas (Bonoma and Kosnik 1990; Corey, Cespedes, and Rangan 1989; Stern, El-Ansary, and Coughlan 1996). Yoo, Donthu and Lee (2000) find that perceived quality of a brand are positively related to the extent to which the brand is available in stores. To increase in intermediaries, manufactures regularly have to pay money such as trade allowances, or slot premiums to put its product on the shelf. The fact that a brand is carried by many stores may itself become a signal of its

quality, so we infer that consumer heart share is positively related to its distribution intensity.

H2: Consumer heart share is positively related to its distribution intensity.

The Asymmetric Distribution Effect on Heart Share

While raise in distribution intensity may raise consumer heart share, the effectiveness of each firm may differ. Firms with low brand awareness may find that they can escalate their heart share by intensifying distribution intensity, whereas firms with high brand awareness may find that escalating their heart share by increasing distribution intensity is ineffective. We name this phenomenon as asymmetric distribution effect on heart share. According to agency theory (e.g., Bergen, Dutta, and Walker 1992; Mishra, Heide, and Cort 1998), when consumer who is not familiar with a brand faces that this brand was displayed and promoted by many retailers, he might start to recognize this brand. The displayed offerings connected with this product may be valued by some consumers (i.e., promotion, warranties, or word-of-mouth). In this case, the agency relationship happens (Bergen, Dutta, and Walker 1992). The consumer (the principal) doesn't have complete information about this product, and seller (the agent) might have incentive to provide limited information for his/her self-interest. Conversely, if brand awareness is high, perceived product differentiation is prominent; this would make consumers less responsive to other offerings (Mela, Gupta, and Jedidi 1998). We name this phenomenon as *asymmetric distribution effect on heart share* which means the strategy to invest in distribution intensity on raise heart share becomes ineffective as brand awareness becomes higher, and posit the hypothesis 3 as follows:

H3: The effectiveness of distribution effort on consumer heart share depends on its brand awareness. When brand awareness is low, increasing in distribution efforts has a positive effect on heart share. When brand awareness is high, this effort becomes ineffective.

Manufacture's Influence on Market Share

Manufactures can influence their market share through pull or push marketing mix strategy. One of the most commonly used pull strategy is advertising. For the past four decades, modelers have tried to estimate the effects of advertising on brand sales (e.g., Leone and Schultz 1980; Assmus, Farley, and Lehmann 1984; Vakratsas and Ambler 1999). These offers are demand effects of marketing mix in that they are direct attempts to create purchase intention. On the other hand, manufactures also can influence retailers directly with various marketing mix (Rao and McLaughlin 1989) such as trade allowances, slot premiums, and advertisements in trade publications. These offers are supply effects of marketing mix in that they are direct attempts to create distribution (Bronnenberg, Mahajan, and Vanhonacker 2000). A study finds that the higher the average distribution intensity (i.e., percentage of the retail outlets selling the product), the higher the new product's trial probability (Steenkamp and Gielens 2003). Moreover, a strong brand name commanding high sustained advertising expenditure, creating high levels of awareness and positive associations, combined with distribution intensity and feature and display efforts can all act as signal for the quality of a product. Consumers frequently rely on these signals to infer the product's quality (Kirmani and Rao 2000; Klein and Leffler 1981). Accordingly, we posit that market share is positively related to its brand awareness and distribution intensity.

H4: Market share is positively related to its brand awareness

H5: Market share is positively related to its distribution intensity

The Asymmetric Distribution Effect on Market Share

According to information economics, the degree of information asymmetry will be lower when brand awareness is high; consequently, it will be more effective for a manufacturer to increase its distribution intensity on gaining market share. In this situation, consumers who want to buy a product already familiar with this brand and his/her can compare price information more easily (i.e., less search cost), which will accelerate his/her purchase decision (Ferris, Oliver, and Kluyver 1989). On the other hand, what will happen when an unknown brand manager just rely on push strategy (ex., trade allowances, slot premiums, and advertisements in trade publications) to influence market share? In this context, the degree of information asymmetry is still very high so that consumer may hesitate to buy this brand. As a result, the effort devote to increase distribution intensity becomes less beneficial. So we think that the effectiveness of increase in distribution intensity on market share is asymmetric for firms with different characteristic. Firms with higher brand awareness are more effective than firms with lower brand awareness when they devote their efforts in distributors to move up market share. We name this phenomenon as *asymmetric distribution effect on market share*, and propose the following hypothesis:

H6: The effectiveness of distribution effort on market share depends on its brand awareness. When brand awareness is high, increasing in distribution effort has positive effect on market share. When brand awareness is low, this effect becomes less effective.

METHODS

We use the survey data provided by a national consumer electronic products shopping center. This survey investigates all of their five IT shopping centers in Taiwan. A sample of 2500 consumers was randomly chosen when they come into these shopping centers, and cluster samples of each shopping mall with stratified sample design were used to ensure that the population can be adequately and accurately represented in this sample. Additionally, every store in each shopping mall (totaling 457 stores) was invited to take this survey. Each consumer has to answer questions across categories for measuring of brand awareness and consumer heart share and each retailer also has to answer questions across these categories for measuring distribution intensity and market share. Survey process was conducted by a celebrated international research company during the end year of 2003. This study finally collected 2167 consumers and 439 retailer managers' opinions for analysis. Brand in a specific product category is the unit of analysis.

Methodology

We use hierarchical regression to test hypotheses, and use the method provided by Aiken and West (1991) for testing and interpreting interaction effect in multiple regression. The structure of hierarchical regression model is as following:

Consumer Heart share Model

Model 1 Base Model:

$$\text{Heart share} = a_1 + \alpha_1 \text{ Brand Awareness} + \varepsilon_1$$

Model 2 Distribution Intensity included:

$$\text{Heart share} = a_2 + \alpha_2 \text{ Brand Awareness} + \gamma_2 \text{ Distribution Intensity} + \varepsilon_2$$

Model 3 Interaction Effect included:

$$\begin{aligned} \text{Heart share} = & a_3 + \alpha_3 \text{ Brand Awareness} + \gamma_3 \text{ Distribution Intensity} \\ & + \theta_3 \text{ Brand Awareness} \times \text{Distribution Intensity} + \varepsilon_3 \end{aligned}$$

Market Share Model

Model 4 Base Model:

$$\text{Market Share} = b_4 + \beta_4 \text{ Brand Awareness} + \varepsilon_4$$

Model 5 Distribution Intensity included:

$$\text{Market Share} = b_5 + \beta_5 \text{ Brand Awareness} + \delta_5 \text{ Distribution Intensity} + \varepsilon_5$$

Model 6 Interaction Effect included:

$$\begin{aligned} \text{Market Share} = & b_6 + \beta_6 \text{ Brand Awareness} + \delta_6 \text{ Distribution Intensity} \\ & + k_6 \text{ Brand Awareness} \times \text{Distribution Intensity} + \varepsilon_6 \end{aligned}$$

Model 1-3 will be used for testing hypotheses H1-H3, and followed by model 4-6 for testing hypotheses H4-H6. The expected directions are as follows: H1: $\alpha_i > 0$, H2: $\gamma_j > 0$, H3: $\theta_3 < 0$, H4: $\beta_i > 0$, H5: $\delta_i > 0$, and H6: $k_6 > 0$.

RESULTS

The data were analyzed using multiple regression. To facilitate comparisons and reduce any collinearity between the interaction coefficients and their constituent terms, independent variables were standardized prior to analysis following procedures outlined by Friedrich (1982). In hypothesis 1, we assume that consumer heart share is positively related to brand awareness. The coefficient of brand awareness on heart share across three models are all positive (i.e., $\alpha_1 = 13.36$, $p < .001$, $\alpha_2 = 12.64$, $p < .001$, $\alpha_3 = 14.11$, $p < .001$), which supports H1. In model 2, the positive and partially significant effect (i.e., $\gamma_2 = 1.43$, $p = 0.061$) of distribution intensity seems to partially support hypothesis 2. However, when interaction variable is included, this effect terms to insignificant (i.e., $\gamma_3 = 0.99$, $p = .161$). Changes in F-value is significant (i.e., F changes = 10.68, $p < .001$) when interaction effect was included (suggests to include this effect) so our inference will base on model 3 that shows hypothesis 2 isn't supported. The coefficient of interaction effect is negative (i.e., $\theta_3 = -1.74$, $p < .001$) which

supports hypothesis 3 and shows the moderating role of brand awareness as well as the asymmetric distribution effect on consumer heart share. In hypothesis 4, we assume that market share is positively related to brand awareness. Results in three models all confirm our hypothesis H4 (i.e., $\beta_4 = 16.14, p < .001, \beta_5 = 12.16, p < .001, \beta_6 = 9.87, p < .001$). The positive effect (i.e., $\delta_5 = 7.93, p < .001, \delta_6 = 8.61, p < .001$) of distribution intensity in model 5 and model 6 tell us that engaging in distribution intensity has a strong and positive effect on gaining market share. After including the variable of distribution intensity, the changes in F value is significant (F changes = 17.333, $p < .001$), which also suggests to include distribution intensity in our model so that hypothesis 5 is confirmed. Finally, the interaction of brand awareness and distribution effort has positive effect (i.e., $k_6 = 2.712, p = 0.067$) on market share. This result partially supports hypothesis 6. After include the interaction, the change in F value equals to 3.510 ($p = 0.067$), and hence our inference will base on model 6. The empirical results show that the effectiveness of distribution intensity on market share depends on its brand awareness. When brand awareness is high, increasing in distribution effort has strong and positive effect on gaining market share. When brand awareness is low, this effect becomes less effective. Figure 1 shows the moderating role of brand awareness in the effectiveness of distribution intensity on consumer heart share and market share.

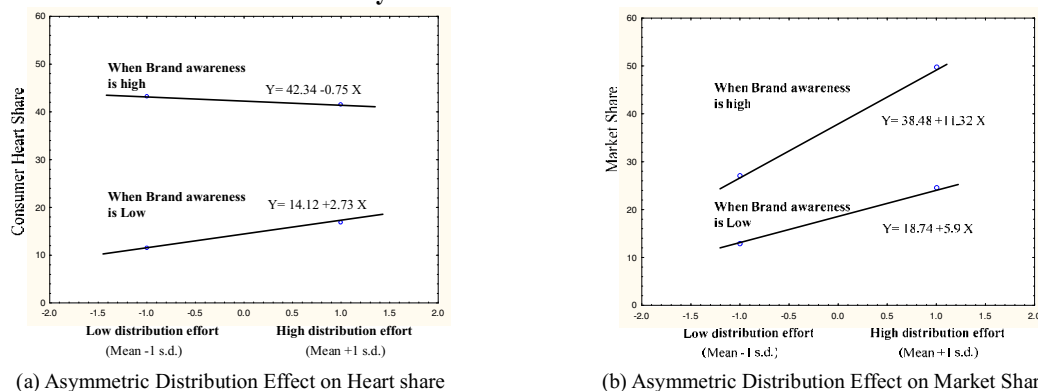
DISCUSSION AND MANAGERIAL IMPLICATIONS

Given the fact that consumer heart share and market share are two primary goals of the marketing function, the findings of this study is notable. Results obviously indicate that brand awareness is important to maintain consumer heart share and market share. Performance on this variable increases share of heart, and gains share of market share eventually (Saloner et al. 2001). Furthermore, the effect of distribution intensity on consumer heart share is heavily influenced by its brand awareness. Only when brand awareness is low, distribution intensity has positive effect on heart share. But distribution intensity has strong positive effect on market share, and this effect becomes most effective when brand awareness is high. Hence, it is a trade off decision. When brand awareness is high, increase in distribution intensity might have small negative effect on heart share but have strong positive effect on market share. The decision to increase or decrease distribution intensity should accordingly depend on positioning strategy of a brand product. In this study, we provide two suggestions for marketers: First, when pursuing a high price strategy (e.g., differentiation strategy), marketers should emphasis more on creating brand equity, but keep low distribution intensity and strictly selecting good distribution channel to provide the product. Second, when pursuing a market share strategy (e.g., low cost strategy), marketers should invest on both brand awareness and distribution intensity.

LIMITATIONS AND FUTURE RESEARCH

The strengths of this research include its matched-paired design of different brands within an industry from both consumers and retailer sellers' perspective. This design is superior for us to examine the effect of marketing strategy on marketing performance. Nevertheless, this research is not without limitations. Since we use distribution intensity and brand awareness to represent the push and pull strategy respectively, a potentially fruit extension of this research would be the exploration of other push or pull strategies, or through a longitudinal design study the effectiveness of each strategy and their contingency relationship. Additional research in the area as it contributes to the goals of effectively investing on marketing mix appears to be in order, and we expect more and more further studies to investigate on this issue.

FIGURE 1
Asymmetric Distribution Effect



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AN EXAMINATION OF CUSTOMER-TO-CUSTOMER INTERACTIONS: A FIELD EXPERIMENT APPROACH

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ABSTRACT

The current paper presents an innovative approach to examining customer-to-customer interactions. The field experiment design, utilizing a group tour setting, contributes to the relationship marketing literature by adopting a management perspective and investigating the unexplored link between customer-to-customer interactions and important outcomes to consumers and service providers.

INTRODUCTION

In many ways, positive customer-to-customer (c-c) interactions are increasingly important to customers, companies, and communities. The social aspects of consumer experiences are considered meaningful, particularly within extended, affective, and intimate service encounters (Price, Arnould and Tierney 1995). Companies are also beginning to facilitate positive c-c interactions to enhance customer experiences and build loyalty. And as our society's landscape continues to be shaped by commercialization, companies have an opportunity to contribute in strengthening our societal fabric by bringing people together and enhancing community, which is declining due to numerous social and technological forces. As many services are socially constructed experiences (e.g., travel, theatre/sports events, bars/restaurants) where other customers are a core part of the consumption experience, c-c interactions can exert a substantial influence on key consumer evaluations. The goal of the current paper is to explore an innovative field experiment approach employed to study c-c interactions. Although the c-c topic has been gaining interest among scholars in recent years, with claims made that c-c interactions influence critical marketing outcomes such as customer satisfaction, this field experiment will provide needed empirical examination.

CONCEPTUAL FRAMEWORK

This study will examine how managerially facilitated c-c interactions affect consumer evaluations of important marketing outcomes in service settings, by employing a field experiment design to examine the causal links between facilitated c-c interaction and marketing outcomes as well as potential moderators and mediators of this relationship. The examination of relationships between customers has remained relatively unexplored (Clark and Martin 1994) within the wider relationship marketing literature. Historically, most research attention has been relationships between companies and customers rather than relationships between customers (Martin and Clark 1996). This is largely due to the long-held misperception that c-c interactions are beyond a company's control (Harris and Baron 2004), in addition to the limited importance of other customers in many limited-duration, transaction-oriented exchanges, which have traditionally been examined in the marketing literature. The importance of c-c interactions has been vaguely referenced in the services marketing literature (e.g., Bettencourt 1997; Grove and Fisk 1997; Gwinner, Gremler and Bitner 1998). Encouragingly, the topic of c-c interactions is beginning to be acknowledged in marketing textbooks (Fisk, Grove and John 2004) and recently there have been calls (Gremler and Gwinner 2000; Brady and Cronin 2001; Harris and Baron 2004) for more conceptual and empirical research involving c-c interactions. This research adheres to the unifying conceptual framework (Figure 1) proposed by Harris and Baron (2004), which categorizes previous research according to stimuli, manifestation and consequences of c-c conversations, and is primarily concerned with how service employees (in this case, a tour guide) can facilitate positive c-c interaction to influence key outcomes for consumers (e.g., customer satisfaction) and service providers (e.g., loyalty, word-of-mouth). Stimuli, or influencers, of c-c interaction include individual characteristics and needs (e.g., gender, age, nationality, motivations) as well as group factors (e.g., traveling companionship, perceived similarity). These stimuli will be examined as potential mediators or moderators (Figure 2). The service environment is critical to this field experimental study, conducted within a natural group tour setting. The extended duration of the tour combined with the use of a bus to transport the group from place to place enhances c-c intimacy and the opportunity for c-c interactions to take place. The facilitation of c-c interactions through social events and activities (e.g., introductions, group photos) during the tour will be used to enhance the level and quality of c-c interaction as well as strengthen group cohesion. While negative c-c interactions can be a major source of dissatisfaction (Grove and Fisk 1997), consequences of positive c-c interaction include outcomes which are critical to both consumers and companies, including customer satisfaction, loyalty and word of mouth.

RESEARCH METHOD: A FIELD EXPERIMENT DESIGN

Previous studies on this topic of c-c interactions have been largely retail-oriented (e.g., Harris, Davies and Baron 1997; McGrath and Otnes 1995) with little empirical investigation of c-c consequences. It is intuitive that positive customer interaction can make the service experience more enjoyable, but does it have a significant effect on important outcomes for customers and companies? Although researchers have argued that c-c interaction is often positive in nature and can influence customer satisfaction (Pranter and Martin 1991; Martin and Clark 1996; Brady and Cronin 2001), no existing studies have demonstrated a causal relationship between these two concepts. In addition, researchers have not studied this relationship from a managerial context, although there have been calls for companies to influence c-c interaction (Pranter and Martin 1991; McGrath and Otnes 1995). Most scholars adopted a consumer perspective, clearly indicated by research designs including participant observation (McGrath and Otnes 1995), ethnography (Harris and Baron 2004), and customer surveys (Parker and Ward 2000). Accordingly, this research employs a field experiment approach to investigate whether management facilitation of positive c-c interaction significantly influences outcomes important to consumers and businesses. Experimentation allows a straightforward method to isolate the variable under examination (facilitated c-c interaction) and can explain the degree to which it affects critical marketing outcomes.

The experimental research approach is a quantitative approach designed to discover the effects of presumed causes, and benefits from objective observations in controlled situations where conditions, outside of the variable of interest, are kept constant. This method allows for identification and explanation of causal relationships. A field experiment is conducted in a real-life setting where the experimenter manipulates the variable of interest but controls extraneous variables as the situation will permit. According to Lynn and Lynn (2003), marketing researchers rarely use causal research compared to exploratory and descriptive research. Field experiments are considered “useful for answering applied hospitality marketing questions because they have high internal validity and high external validity” (pg. 77, Lynn and Lynn 2003). Although internal validity is generally weaker relative to laboratory experiments, the naturalistic approach creates high degrees of realism, which can make findings stronger and more highly valued by the research community (Tunnell 1977). Field experiments are comparatively rare in scientific study. This can be attributed to several factors including cost (Hair 2003) and the difficulties of manipulating variables in the “real world”. If these difficulties can be neutralized, the authors “advocate the increased use of experiments and quasi-experiments in hospitality-marketing research” (pg. 76, Lynn and Lynn 2003). This study is able to overcome the aforementioned obstacles. First, field experiment costs will be covered by grants obtained by the author. In addition, high levels of experimental control will be achieved as the author is personally planning and operating the field experiment. As a result, a high degree of naturalism will be maintained, enhancing external validity, while a high degree of control over the experiment will increase internal validity. Threats to external and internal validity, and controls used to combat those threats, will be discussed later in this paper.

To examine the cause-and-effect relationship between managerially facilitated c-c interaction and critical marketing outcomes, the author will administer a field experiment in the group tour environment. In this experiment, the level of customer interaction facilitated by the experimenter will be manipulated as the independent variable. In the “high interaction” scenario, a number of events that facilitate c-c interaction will be introduced. In the “low interaction” scenario, participants will have no events that facilitate c-c interaction. Experimental data will be obtained through independent observation and end-of-tour self-administered questionnaires. Post-tour survey and observer checklist items will be informed from the previous qualitative study and prior research. The experimental setting consists of half-day cultural tours in Calgary for students between the ages of 18 and 35. There will be two treatment and two control groups with a nearly identical tour itinerary. The treatment groups, given the “high interaction” scenarios, will be exposed to several events facilitated by the experimenter with the purpose of enhancing interaction between participants during the tour. These include icebreakers and introductions, nametags, group photos, and games aboard the motorcoach. The control groups, representing the “low interaction” scenarios, will not be exposed to facilitated c-c interaction events. All four tours will be conducted in March 2005.

An after-only with control group design is a well-regarded true experimental design (Zikmund 2003) and will be used in this field experiment. To assure randomization (R), the treatment (X) will be randomly assigned to the group. The treatment is one amount of the independent variable. In this study, it is a “high interaction” scenario in which specific events contribute to facilitated customer interaction, given to the experimental group before and during the tour. The control group receives no facilitated customer interaction. The measurements (O1, O2) include the key marketing outcomes (e.g., customer satisfaction, word of mouth) derived from the post-tour self-administered questionnaire. The measurement of the treatment effect is O1 -

O2. In addition, several manipulation checks will be incorporated into this study, including group cohesion, opportunity for contact, change in perceived familiarity, and participant observation of c-c interaction.

The field experiment will include four groups which encompass two treatment groups and two control groups. With approximately 20 to 30 participants per group, the groups can appropriately be considered equivalent (Lynn and Lynn 2003). A 2 X 2 between-subjects factorial design will be utilized to study interactions between independent variables, which will be informed by prior research and focus groups. For each of the four groups (cells), a minimum of 15 participants per cell is suggested in order for statistical analyses to be valid (McGuigan 1993). Accordingly, 80 to 120 participants translate into 20 to 30 respondents per cell, and should provide an adequate number for analysis of variance. In experimental design, numerous factors must be controlled to ensure that the specific experimental treatment, and not some other factor, accounts for the results obtained. If those factors are controlled, the experiment is considered to have a high level of internal validity. External validity refers to the extent that research results can be generalizable to the population of interest. Factors affecting external validity must be controlled as much as possible. In addition, construct validity, which is the degree to which measured variables are accurately identified and understood before hypothesizing functional relationships, needs to be established.

Experimental data will be collected through direct observation and pre-tour/post-tour surveys. An independent observer, recruited and trained by this researcher, will participate on all four tours. The observer will accomplish several objectives using an observer checklist. First, he/she will report any unexpected or unplanned events. As the experiment's internal validity relies upon the operation of consistent tours, the observer will evaluate whether the studies were operated as planned. Second, the observer will report on this researcher's attitude and behaviors during the tour, and provide a check that all tours were run similarly with no experimenter effects. Lastly, he/she will evaluate the quality of c-c interaction (e.g., frequency, duration and pleasantness of conversation). This will act as a critical manipulation check that the activities to facilitate c-c interaction achieved their purpose.

The post-tour questionnaire will be distributed at the end of the tour and will take no more than 15 minutes to complete, due to time constraints and participant attention span. Survey administration will take place on the bus to ensure that participants fully complete the survey. Afterwards, participants will be given an educational debriefing, which will include the research's statement of purpose and hypotheses, methodology, implications of the study, and my contact information should they have further questions. Both the observer checklist and survey instrument will be further refined based on the pilot study, focus group feedback, and tour company executive responses. The data collected from the survey will be analyzed using a number of techniques, including the paired t-test, correlation analysis, analysis of variance (ANOVA), and analysis of covariance (ANCOVA). In this study, the experimental manipulation is the level of facilitated c-c interaction. A manipulation check can ensure that the manipulation was successful in promoting the desired interaction between travelers. This research incorporates multi-item manipulation check measurements. Independent T-tests will compare the means of the treatment and control groups. If the treatment group scores significantly higher than the control group on these measurements, the specific events performed can be demonstrated to have truly facilitated c-c interaction.

CONCLUSION

For researchers and practitioners alike, customer-to-customer interactions during service experiences are considered to be increasingly important to both consumers and service providers. However, the causal relationships between c-c interactions and positive consequences have not been empirically tested to date. The field experiment approach, reviewed in this paper and to be conducted in March 2005, provides an opportunity to examine these links from a management perspective by manipulating the level of facilitated interaction in a group tour setting. At the most fundamental level, this research will add credence that management of c-c relationships is an important component of relationship marketing for service providers. Additionally, a clearer understanding of the nature of c-c interactions, along with their influencers and consequences, will be gained. This will assist service providers in compatibility management efforts and organizational initiatives to help their customers get along better. Increased understanding of these c-c relationships can help managers of service industries secure a competitive advantage by increasing the enjoyment and satisfaction of the service experience, which can increase loyalty and customer referral. Finally, this research will suggest practical efforts that companies can employ to enhance c-c interactions.

Figure 1: Observable Oral Participation (C-to-C Conversations) Between Strangers in Service Settings

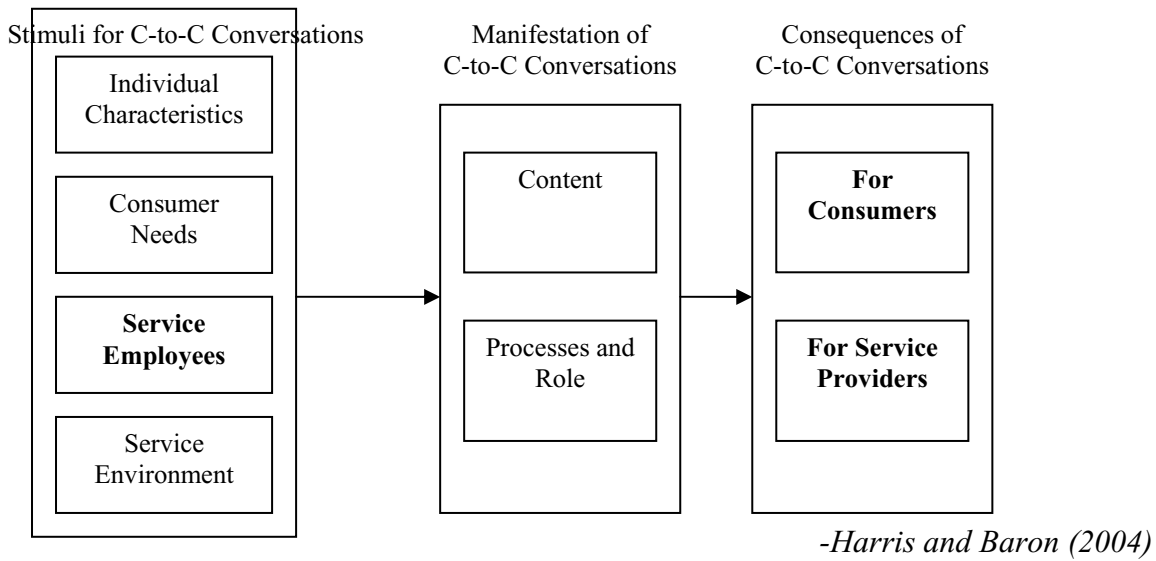
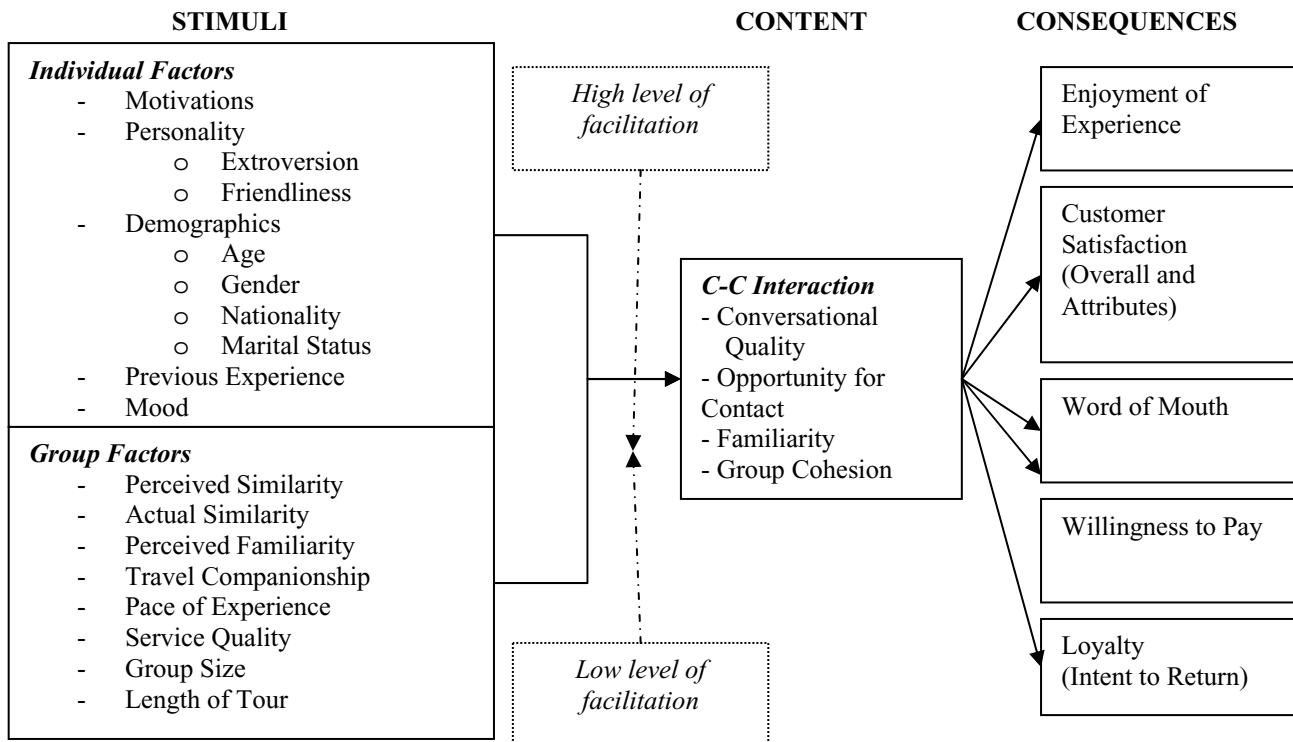


Figure 2: Customer-to-Customer Interactions in Group Tour Settings



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THE DATA QUALITY FOR PROBLEM ENACTMENT MODEL. CRM CASE

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ABSTRACT

This paper presents an exploratory empirical study of the data quality for problem enactment model (DQ4PEM) in CRM settings. The research findings support the reciprocal relationship advocated by the model.

INTRODUCTION

Making sense of customer relationship problems involves a number of constructs and processes. Do environmental constructs like data quality and cognitive constructs like knowledge and self-efficacy interrelate with each other? How? Are they strong? The literature suggests an affirmative answer. Is it true that quality enhances problem enactment as theorized in the literature? We are interested in finding responses to these questions in a context of CRM supported by a data warehouse and in a situation that focuses on customer relationship problem enactment. Therefore, we have formulated the following research problem statement: "The antecedents and consequences of the quality of data warehouse customer relationship data for problem enactment are not well understood."

Our research question is: "What are the antecedents and consequences of the quality of data warehouse customer relationship data for problem enactment?" This research question is related to the management information systems evaluation category of questions that are concerned with the dependent variable in marketing information processing research [DeLone, W.H. and McLean, E.R. 1992]. Thus, data quality is considered the cornerstone of this research (i.e. the independent variable) and trying to confirm the precedents as well as the antecedents. In fact, given the exploratory implications of my research question, data quality is also the dependent variable. The suggested data quality for problem enactment model DQ4PEM [Abril, R.M. 2005] is presented in generic terms and empirically tested in a CRM context. The terms context and situation refer respectively to the set of tasks and situations under consideration. The types of situations in [Figure 1](#) are adopted from the decision/sense making literature [Abril, R.M. 2001].

DATA, INFORMATION, KNOWLEDGE AND BELIEFS

The term data refers to symbols obtained through an encoding process of the environment (e.g. [Burke, K. 1989]) that can be available to an individual but which have not as yet been evaluated for their worth to him/her in a specific situation-within-context (e.g. [McDonough, A.M. 1963]). In the literature on cognition (e.g. [Burke, K. 1989] [Goia, D.A. 1986] [Feldman, M.S. and March, J.G. 1981]), information is defined as data with an imparted meaning by an individual through a cognitive process called enactment. Data requires meaning to derive information, and the meaning must stem from a specific [problem] situation-within-context. No matter how much data is processed, it cannot be turned into information until a manager uses it in a given situation-within-context, for example, to solve a problem. Knowledge is information believed by an individual as "justified truth" (e.g. [Nonaka, I. 1994]) and "stored" in memory (i.e. it can be retrieved) in a cognitive structure (e.g. [Lamberts, K. and Shanks, D.R. 1997]) through a cognitive process called learning. By the term cognitive structure or cognition it is meant the mental organized representation of information (e.g. [Cyert, T. and March, J.G. 1963] [March, J.G. and Simon, H.A. 1958] [Simon, H. 1955] [Walsh, J.P. 1995] [Argyris, C. and Schön, D.A. 1978]). Cognitive structure refers to the manner in which an individual's knowledge is organized (e.g. levels of abstraction, decomposition, causal and functional relationships) while knowledge refers to what information is available. Therefore, according to [Wang, P. and Chan, P.S. 1995] the two concepts complement each other. For the purposes of this research we adhere to Nonaka's view in that we focus on the individual's belief about the justification of knowledge and not on its truthfulness (i.e. an individual's knowledge might be falsifiable and not scientifically generalizable). Knowledge refers to what information is available in memory (e.g. [Wang, P. and Chan, P.S. 1995]). The term belief refers to a personal ontological posture about some element of reality (e.g. [Rowland, G. 1995]) formulated as a predicate on a subject cognitively constructed by individuals (e.g. [Pajares, F. 2002]). Beliefs and knowledge are different in several aspects. For example, a belief is concerned with the existence or nonexistence of a certain conceptual entity. Beliefs rely heavily on evaluative and affective components and can also be held with varying degrees of certitude [Abelson, R. 1979].

The contextual and situational nature of information has been theoretically (e.g. [Weick, K.E. 1995]) and empirically (e.g. [Brannick, T. 2000]) observed in academic research. Both aspects are of paramount importance because adherence to them has a conflictive implication in accepting research of a general nature on human information processing. A practical aspect of

knowledge is its instrumental utility. One must have knowledge of the task demands because activities differ in difficulty (e.g. [Bandura, A. 1997]). Again, situation-within-context plays a determinant role because the same activity taps differing knowledge under different circumstances (e.g. [Bandura, A. 1997]).

PRACTICAL RELEVANCE OF DATA QUALITY COPING IN BUSINESS SETTINGS

By data quality coping we mean that data quality can be framed using the same kind of analysis as statistical hypothesis testing, which identifies two types of errors, or low data quality, for the purpose of this research. Drawing on the concepts of types of uncertainty (e.g. [Brannick, T. 1998]), perceived low data quality in a data source can manifest itself in two ways. The first, which we refer to as type A data quality, is ignorance on the quality level that is needed for the situation-within-context. The second, which we refer to as type B data quality, is being aware of the quality level that is needed for the situation-within-context but being unable to achieve that level. Just as a clarification, the ideal situation (i.e. high data quality) would be to have a very low probability associated to both types of errors.

An intuitive reason for arguing for the relevance of data quality comes from the expectation of the task's demands. In this sense, regarding the marketing effectiveness of a company or division Kotler [P. 1988] states that marketing effectiveness is reflected in the degree to which it exhibits five major attributes of a marketing orientation: customer philosophy, integrated marketing organization, adequate marketing information, strategic orientation, and operational efficiency. Therefore, data quality seems to play a relevant role in order to have "adequate marketing information".

OVERVIEW OF THE DATA QUALITY FOR PROBLEM ENACTMENT MODEL

The data quality for problem enactment model DQ4PEM [Abril, R.M. 2005] is a contextually generic research model that supports the triadic reciprocal associations posited by the social cognitive theory (e.g. [Bandura, A. 1997]) in situations of problem enactment (see [Figure 2](#)). Individuals develop a cognitive structure that includes types of information when they want to formulate a problem statement. Data quality for problem enactment is defined in terms of the cognitive fit theory (e.g. [Vessey, I. 1991]), as the manager's perception on the extent to which the information derived from the available data fits with the manager's cognitive structures for problem enactment [Abril, R.M. 2005]. The 'fit' term, in the definition of data quality, means that there is a match between the types of required information in a developed cognitive structure and the types of available information.

In the problem enactment model, data quality is a high order construct with two dimensions defined in terms of (i) a contextual dimension labeled data task utility and (ii) a situation-within-context dimension labeled data enactment utility. Data task utility is defined as the manager's perception on the extent to which data has instrumental utility for the task at hand (e.g. CRM tasks). Data enactment utility is defined as the manager's perception on the extent to which data has utility for the formulation of problem statements. The data enactment utility dimension has in its turn three dimensions: one measuring data integration, one for data richness and another for data equivocality. In simple terms, the nature of data quality in the problem enactment model suggests that data quality is specific to a situation and a context and has a dimension for each of them.

The construct 'problem sense making enhancements' is defined as the manager's self-belief about the extent to which the enactment of problems has improved due to available data. In the problem enactment model, problem sense making enhancements is a high order construct with two dimensions both defined in terms of a situation-within-context. One dimension looks backwards, that is, the extent that one's skills enacting customer relationship problems have improved due to the data. The other dimension looks forward, that is the strength in the self-belief in one's skills to execute given types of performances enacting prospective customer relationship problems.

The term problem refers to the individual's perception of a variance, or a gap, between the present and some desired state of affairs (e.g. [Simon, H.A. 1977] [Smith, G.F. 1990]). Dery [1983] complains about the tendency in the literature which presumes that individuals are "facing predefined problems" –those stated independent of the individual's perceptions. Structured problems are structured because we choose to treat them as such. Such critique is important because it highlights the relevance of defining a problem. For the purpose of this paper, the term problem statement refers to the formulation in linguistic terms of the problem elements and its structure [Smith, G.F. 1989] [Abualsamh, R.A. et al. 1990] [Pitz, G.F. et al. 1980]. Some theorists regard problem statements as the best defense against a type III error. That is, addressing and potentially investing resources in the wrong problem [Smith, G.F. 1989]. Likewise, a problem statement will be determinate

in the future course of action (e.g. [Volkema, R.J. 1983] [Dery, D. 1983] [Winkler, R.L. 1982] [Mintzberg, H. et al. 1976] [Mitroff, I. and Featheringham, I. 1974] [Abualsamh, R.A. et al. 1990]). Problem statements are cognitively construed. Cognitive processes refer to the mental processes involved in the acquisition, organization and use of information [Bandura, A. 1994]. Enactment, learning, self-regulation and bounded rationality are the key cognitive processes that influence the links in the problem enactment model.

Enactment is a genuine contribution of the sense making theory (e.g. [Weick, K.E. 2000]). Sense making is a high order cognitive process intended to reduce equivocality, or multiple meanings, in the information [Weick, K.E. 2000]. For example, making sense of a customer relationship problem means that heedful interrelating connects sufficient individual knowledge with situational demands [Weick, K.E. 1993]. By enactment it is meant the generation of information, plausible interpretations of a (problematic) situation, and actions to be realized (e.g. [Weick, K.E. 2000]). Terms like “problem statement” and “problem focus” [Kuhlthau, C.C. 1993] refer to the concept of enacted problem. Because sense making is grounded in identity construction and based on plausibility, we might expect differences owing to differences in the individual [Taylor, S.S. 1999]. For example, if one CRM manager says that the problem in a given customer relationship is low customer satisfaction and another says it is competitive pressure, marketing senior executives might assume one of the CRM managers was correct, and disregard the other; other senior executives would look for another third problem statement, or explore the reasons for their problem formulations in more depth. But very few senior executives would take an average (i.e. settle for an inconclusive assignment of probabilities to the two possibilities) (e.g. [Cohen, M.S. 1995]). Because sense making is enactive of sensible environments and focused on extracted cues, we might expect individuals in different environments to make sense of things differently [Taylor, S.S. 1999]. Identity construction, plausibility, and a particular set of extracted cues also seem tied to the characteristics of a particular job and we might expect people with different jobs to make sense of data differently [Taylor, S.S. 1999].

RESEARCH DESIGN

The context of this research [Brannick, T. 2000] is organizational settings operating with customer relationship processes based in a data warehouse. The type of situation [Brannick, T. 2000] or event that this research focuses on is customer relationship problem sense making. The unit of analysis in this research is the individual manager engaged in customer relationship processes (i.e. the context) in order to understand customer relationship problems (i.e. the situation). Our research question is: What are the nature, antecedents and consequences of the quality of data warehouse customer relationship data for problem enactment? This research question will be answered testing the DQ4PEM in a CRM context.

A positivist approach was adopted complemented with qualitative interventions along the research process. Scales were adjusted using a construct-based approach for a CRM context and a customer relationship problem enactment situation. A concept validation focus group, a content validation focus group, a face validation focus group, and a pilot survey were conducted in order to construct the scales a test the questionnaire. Finally, I conducted semi-structured interviews pursuing confirmatory and explanatory objectives with the former seeking validation of the quantitative research findings, and the latter seeking relevant implications for organizations. This research is both of an exploratory and confirmatory nature (e.g. [Pinsonneault, A. and Kraemer, K.L. 1993] [McGrath, J.E. 1979]).

DATA ANALYSIS AND RESEARCH FINDINGS

After outliers removal, most of the analyses were done with $N=107$. See [Table 1](#) for a comprehensive view of the reliability and normality of scales. Hypothesis H1 was tested aiming the confirmation of the reciprocal inferred causation between QUALITY and ENACENH (see [Figure 2](#)).

Hypothesis: There is reciprocal inferred causation between (i) the quality of data warehouse customer relationship data for problem enactment constructs, and (ii) customer relationship problem sense making enhancements constructs.

Research Finding (For $QUALITY \rightarrow ENACENH$ then $B_{QUALITY} = .793$ $R^2 = 28.1$ $p < .000$ in multivariate regression analysis. For $ENACENH \rightarrow QUALITY$ then $B_{ENACENH} = .354$ $R^2 = 28.1$ $p < .000$ in multivariate regression analysis): Hypothesis H1 (reciprocal inferred causation between the quality of data warehouse customer relationship data for problem enactment and customer relationship problem sense making enhancements) is supported. Pearson’s correlation analysis gave a moderate strength in the association ($R = .530$, $p < .000$).

CONCLUSIONS

My research question was “What are the antecedents and consequences of data warehouse customer relationship data for problem enactment?” The research findings support that problem sense making enhancements are an antecedent and a consequence of data quality due to a confirmed reciprocal relationship between both constructs. Overall, the research findings support the reciprocal relationship advocated by the DQ4PEM between data quality and problem sense making enhancements in CRM settings.

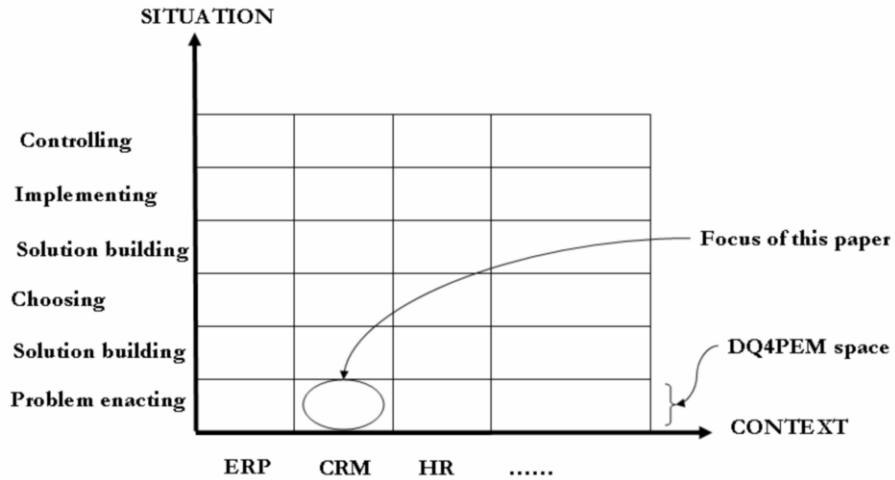


Figure 1. Mapping the DQ4PEM to organizational contexts and situations

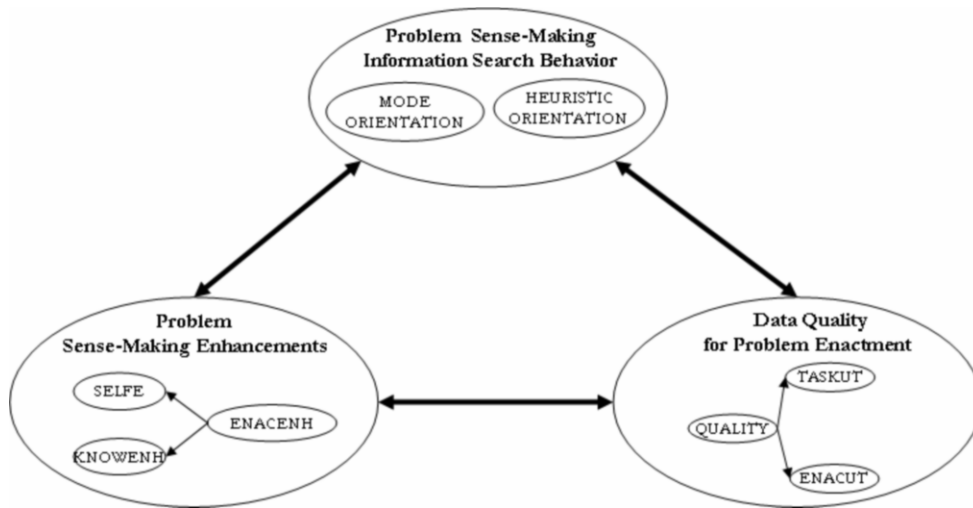


Figure 2. The data quality for problem enactment model (DQ4PEM).

		Alpha >.70 (>.60 for exploratory research) item-to-total correlations > .5 and inter-items correlation > .3		S in +/- 1 and K in +/- 3	
		SCALE		Z	Z
		Alpha	# Items	Skewness	Kurtosis
QUALITY	The Quality of DW CR Data for PE	0.74	15	-0.0815	-0.6632
ENACENH	Customer Relationship Problem Sense-Making Enhancements	0.94	19	-0.4294	-0.3026

Table 1. Reliability and normality assessment of scales.

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**MANAGEMENT LEADERSHIP BEHAVIOR AND MARKET ORIENTATION:
THE RELATIONSHIP AND THEIR EFFECTS ON ORGANIZATION EFFECTIVENESS AND BUSINESS
PERFORMANCE**

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ABSTRACT

While there is a general belief that top management plays an important role in the formation of a market-oriented culture, little empirical work has been done to examine such effect. The present study investigates the impact of management behavior on market orientation and collaboration between the management and the employees.

INTRODUCTION

Marketing concept and its implementation, market orientation, has been the foundation of modern marketing theories and practices. The significance of customer and market orientation has been closely examined in the marketing and management literature. One important factor that helps shape the formation of a market oriented culture is the way top management exerts its influence on subordinates, or the management leadership behavior. Such influence can have fundamental impact on the behavior of the subordinate and the subsequent management-subordinate relationship. The present study sets forth to investigate how the management leadership behavior may affect market orientation and the management-subordinate collaborative relationship as well as their effects on business performance.

CONCEPTUAL BACKGROUND AND RESEARCH PROPOSITIONS

Market orientation is considered an important element of organization culture. The main effect of market orientation has been documented in marketing and management literature. Kohli and Jaworski (1990) and Sinkula (1994) indicate that market orientation provides strong norms for information sharing and internal coordination among various functional areas. Siguaw, Brown, and Widing (1994) show that market orientation significantly influences salespersons' customer orientation and job attitude. Kohli and Jaworski (1990) indicate that a strong market orientation leads to greater job satisfaction. In short, the effect of market orientation on business performance has been reported in various marketing studies (e.g., Chang and Chen 1988; Narver and Slater, 1990; Van, Bhuian, and Kiecker, 2000).

How market orientation relates to various marketing constructs has also been examined. Based on a survey of 194 manufacturing companies with national and international operations, Lukas (1999) found that strategic types are systematically associated with "characteristic degrees of and emphases in market orientation." A strong relationship between market orientation and service quality (Chang and Chen 1998) as well as customer satisfaction (Webb and Webster 2000) has been reported. Van, Bhuian, and Kiecker (2000) provide evidence of a positive association between market orientation and the professional commitment of the senior management team as well as organizational entrepreneurship. On the basis of a sample of US manufacturing companies, Lukas and Ferrell (2000) shows that product innovation varies with market orientation. Baker and Sinkula (1999) show that a firm's learning orientation is likely to indirectly affect organizational performance by improving the quality of its market-oriented behaviors and directly influence organizational performance by facilitating the type of generative learning that leads to innovations in products, procedures, and systems.

The management's leadership behavior also plays an important role in the formation of a market-oriented work force and the overall organizational culture. Organizational culture defines how employees behave and perform based on their understanding of the acceptable and expected corporate behavior and perceptual norms. Day (1994) points out that management leadership is needed to reshape the organizational culture, propose a challenging vision of the future, and set a performance improvement target.

Deshpandé, Farley, and Webster (1993) view leadership as a key element that shapes corporate culture, whereas Slater and Narver (1994) identify leadership as an important component of climate (defined as the operationalization of culture), which is a critical element of a learning organization. Walker and Ruekert (1987) contemplate that a centralized organization is unlikely to be innovative or quick to adapt to changing market conditions. Jaworski and Kohli (1993) stress that senior

management's emphasis on market orientation is an antecedent of the firm's market orientation element. The management's commitment and the corresponding reward system help to shape the market orientation of a firm.

Leadership research may be categorized into the trait approach, the behavioral approach, the situational approach, and the power-influence approach (Higgins 1994; Yukl 1981). Among various leadership theories, the path-goal theory has been studied in the previous marketing literature. The path-goal theory suggests that the four distinctive management leadership behavior patterns, participative, supportive, directive, and goal-oriented, could be observed among corporate leaders (House, 1971; House and Mitchell, 1974). It is expected that a manager will demonstrate the four management styles to various degrees.

Participative leaders allow the subordinate to influence decisions about his or her job to a large degree (Teas 1982). This type of leadership behavior is analogous to participative management, in which subordinates share a significant degree of decision making power with their superiors. A supportive manager creates a facilitative task environment of psychological support, mutual trust and respect, and helpfulness and friendliness (Gibson, Ivancevich and Donnelly 1988; Daft 1988). A *directive leader* provides specific directions to subordinate work activities by organizing and defining the task environment, assigning the necessary functions to be performed, specifying rules, regulations, and procedures to be followed in accomplishing tasks, clarifying expectations, scheduling work to be done, establishing communication networks, and evaluating work group performance (Gibson, Ivancevich and Donnelly 1988). Finally, a goal-oriented leader focuses the overall corporate effort on achieving the overall corporate and individual goals, allocates required resources, and empowers employees to accomplish their goals. The present study examines management behavior based on the path-goal theory.

Organization Effectiveness and Management Leadership Behavior

Management leadership affects organization effectiveness in several areas. An immediate effect of management leadership behavior is the collaboration between the management and employees. The collaboration between the management and subordinates is essential in achieving superior business performance. Within a well-managed organization, top management effectively communicates with its subordinates and establish consistency how the management and employees view their goals (Goffee and Jones, 1998). As leaders accomplish goals throughout subordinates, it is imperative to both the management and employees to share common goals.

Furthermore, top management develops a system that supports and rewards employees who succeed in achieving goals, and in turn help the management achieve its goals. The employees' sense of empowerment is expected in a market-oriented organization with active employee participation in decision making. Top management realizes that it depends on subordinates to achieve their specific goals so that it can achieve its goals. The subordinates understand that they need support from the management so that they can have required resources to accomplish their goals. Both the management and subordinates understand that they rely on each other to achieve their shared common goals. To gain such cooperation, it is imperative for the management to establish an environment that foster trust. When employees perceive the top management as trustworthy and dependable, they are more likely to express similar attitude toward the management.

Ultimately, the objective of the management is to create a corporate culture that the management and the subordinates share common goals and depend on one another to accomplish those goals. Such congruence is important for an organization to function optimally and utilize its resources efficiently. An effective leader will use a proper combination of the four management styles to achieve close collaboration between the management and its employees. A culture of management-subordinate solidarity can be achieved when the management and subordinates share common goals and depend on one another to accomplish those goals (Goffee and Jones 1998). The strength of the common-goal relationship and the degree of mutual dependency determine the strength of management-subordinate collaboration, which is important for an organization to function optimally and utilize its resources efficiently.

Other factors of organization effectiveness include the amount of management-subordinate conflict, job satisfaction, job switching intention. A successful leadership will work to reduce management-subordinate conflict, enhance job satisfaction, and minimize job switching intention. We define organization effectiveness as a function of management-subordinate collaboration, management-subordinate conflict, job satisfaction, and job switching intention.

The Research

We examine the relationships based on a model shown in the Figure. It is expected that management leadership has a direct effect on market orientation and service quality, a performance measure. Market orientation has a direct effect on service

quality. Both market orientation and service quality have direct effects on organization effectiveness and business performance.

RESEARCH METHODOLOGY

A packet of survey questionnaire along with a cover letter was sent to respondents in a major U. S. metropolitan area. Each respondent received a questionnaire along with a cover letter. On average, respondents completed the survey in about 15 minutes. The participation was voluntary. A return postage-paid envelope was attached with each questionnaire. Respondents were asked to fill out the questionnaire at home and mail it back within one week. A total of 700 questionnaires were distributed, resulting in 222 completed, valid responses (31.7% response rate). The sample comprises middle-level and lower-level managers from a variety of industry sectors.

Churchill (1979) and Nunnally (1978) advocate the use of existing multi-item scales, which have been previously assessed with adequate reported reliability and validity. Management leadership behavior was measured with self-reported perceptual measures on a Likert scale conceptualized by House and Dessler (1974) with items assessing the four management leadership styles. We examined market orientation with the two commonly accepted components, customer orientation and interfunctional coordination with a modified eleven-item self-reported perceptual scale based on those items originally developed by Narver and Slater (1990).

The management-subordinate collaboration was examined by the two components of common goal relationship and mutual dependency, each measured by three items. The Likert scale, ranging from "strongly disagree" to "strongly agree," was used for all items. The other three organization effectiveness factors were each measured with one single item. Business performance was measured by meeting revenue goal, subjective overall performance, profitability, and return on assets. All performance measures are single-item self-report items. Service quality was measured by a modified SERVQUAL scale that has been used to assess a general class of services along five dimensions: tangibility, assurance, responsiveness, reliability, and empathy (Zeithaml, Parasuraman, and Berry, 1990).

RESULTS

Several exploratory factor analyses were conducted to confirm the dimensions of major constructs. The results showed that management leadership has four distinctive factors as expected. The items also loaded on the expected factors. The four-factor solution management leadership explains 64.0% of the variation, while a one-factor solution only explains 26.9% of variation. The results confirm that management leadership is a multi-dimensional construct. The results of factor analysis on market orientation showed that all eleven items loaded on a single factor, explaining 40.2% of total variation. Therefore, only the aggregate measure of market orientation was included in the subsequent regression models. Service quality is also a multi-item measure of business performance. A factor analysis revealed that the factor structure is congruent with those found in previous studies (e.g., Cronin and Taylor, 1992). The reliabilities of study measures are supported by their respective Cronbach alphas.

We first examined the effect of management leadership on market orientation. While management behavior has an overall effect, individually, only the goal-oriented style shows a significant effect ($p < 0.05$). The effects of market orientation and management leadership on service quality were investigated next. Market orientation was found to be one of the important factors for influencing service quality of a company. Some of the management styles affect service quality directly. We then scrutinized the effect of market orientation and service quality on organization effectiveness, which is measured by collaboration, degree of perceived management-subordinate conflict, job satisfaction, and job switching intention. Unexpectedly, market orientation promotes more conflict in the company. The tangibility component of service quality has significant effect on job satisfaction; whereas reliability component of service quality has significant effect on job switch intention. Empathy has a significant effect on collaboration. Overall, service quality has limited effects on organization effectiveness. Next, we inspected the effect of market orientation and service quality on business performance. The results showed that market orientation can significantly increase the chance of meeting revenue goal, subjective company performance, and ROA. Assurance improves subjective company performance. Responsiveness and reliability reduce the chance of meeting revenue goal. Empathy reduces subjective company performance.

To test the mediating effect of market orientation and service quality as suggested in the research framework, we examined the effect of market orientation, service quality, and management leadership on organization effectiveness as well as the

effect of market orientation, service quality, and management leadership on business performance. These results showed that some of the leadership styles have direct effect on organization effectiveness and others have indirect effect (Tables 1 and 2). Overall, market orientation and service quality behave as the mediators between management leadership behavior and business performance. In other word, management leadership influences business performance through market orientation and service quality.

DISCUSSION

The linkage between management leadership and market orientation is partially supported by the empirical data. Among the four management leadership styles, only the goal-oriented style exerts significant effect on market orientation. This indicates that setting goals and focusing on achieving goals play a very important role in the formation of a market-oriented workplace. The effect of market orientation on business performance is strongly supported. Market orientation is found to be a mediator between management leadership and business performance. Interestingly, market orientation seems to promote conflict, yet enhances financial business performance.

A leader should be aware of the possibility that its management leadership behavior may have important effects on corporate culture, including market orientation. And yet, such effects are subject to the influence of one's culture. As many managers consider marketing orientation as an integral part of their marketing operations, the absence of the goal-oriented management behavior may hinder the push for being customer-oriented. The management may have to review and modify its management behavior before it can effectively demand its subordinates to be more market-orientated.

Future research may further examine the linkage between management behavior and market orientation in various companies, industries, and cultures. More replications are needed to establish an indisputable relationship. Future research effort may be directed toward how various corporate factors influence a firm's orientation toward the market and its customers to gain more thorough understanding of the overall culture-performance model.

TABLES & FIGURES



Table 1: The Effect of Market Orientation and Service Quality on Business Performance

Business Performance:	Meeting Revenue Goal	Overall Performance	Profitability	Return on Asset
Market Orientation	0.312**	0.305**	0.069	0.177*
Service Quality				
<i>Tangibility</i>	0.179*	0.157*	0.127	0.101
<i>Assurance</i>	0.103	0.340**	-0.018	-0.020
<i>Responsiveness</i>	-0.171*	0.066	-0.048	0.044
<i>Reliability</i>	-0.299**	-0.082	0.087	0.000
<i>Empathy</i>	-0.029	-0.203**	0.030	-0.041
Adjusted R-Square	0.118	0.299	0.015	0.028
Regression F-Value	5.906	16.563	1.546	2.055
n	220	220	220	220

** P<0.01 * P<0.05

Table 2: The Effect of Market Orientation, Service Quality, and Management Behavior on Organization Effectiveness

Organization Effectiveness:	M-S Collaboration	M-S Conflict	Job Satisfaction	Job Switch Intention
Market Orientation	0.071	0.274**	0.040	0.029
Service Quality				
<i>Tangibility</i>	-0.092	0.001	-0.114	-0.074
<i>Assurance</i>	-0.020	-0.056	-0.039	-0.069
<i>Responsiveness</i>	0.027	-0.063	-0.040	0.092
<i>Reliability</i>	0.052	0.060	0.064	0.077
<i>Empathy</i>	0.075	0.024	-0.075	-0.048
Management Behavior				
<i>Goal-Oriented</i>	0.048	0.000	0.091	0.032
<i>Directive</i>	0.097	0.061	0.083	0.120
<i>Participative</i>	-0.074	0.026	-0.022	0.177**
<i>Supportive</i>	0.117	0.238**	-0.063	0.144*
Adjusted R-Square	0.016	0.123	-0.011	0.063
Regression F-Value	1.342	4.046	0.764	2.450
n	218	218	218	218

** P<0.01 * P<0.05

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**ANTECEDENTS TO KNOWLEDGE MANAGEMENT:
THE ROLE OF INFORMATION TECHNOLOGY ADOPTION, ANALYTICAL CAPABILITIES, AND MARKET
ORIENTATION**

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ABSTRACT

Knowledge Management, which is concerned with how information is collected, processed, and converted into knowledge, is an important stream of research in organizational theory and strategy. A rich body of literature is developing on how knowledge is generated, processed, and managed within organizations. However, there is a lack of research on how knowledge management (KM) interacts with various organizational factors and, in particular, how it relates to the firm's market orientation. Although knowledge of customers and competitors is at the heart of a firm's market orientation, little is known on how this knowledge is created and managed. In this paper, we enhance our understanding of elements that lead an organization to create and use knowledge for decision-making. We hypothesize that *analytical capabilities* and *information technology adoption* are important antecedents to the organization's *knowledge management*. We further hypothesize that their influences are partially mediated by the firm's market orientation.

We conceptualize an organization's analytical capabilities (AC) as the ability to analyze and interpret market information, including information about both customers and competitors (Sinkula 1994). While an organization can generate huge volumes of data, whether these data get converted to information, and subsequently to knowledge depends on the AC within the firm—in terms of people with the necessary analytical skills to convert data to knowledge. We hypothesize that AC is a critical antecedent to KM. Information technology adoption (ITA) is conceptualized as the extent to which the organization has the hardware and software to do the necessary to convert data to information, and then to knowledge. A firm would need to complement its analytical capabilities with the necessary technological support for its personnel to apply their analytical skills. We contend that information technology allows a firm to realize its analytical potential by effectively converting data to knowledge, and disseminating that knowledge across the organization. We hypothesize that an organization's level of ITA has a direct, positive effect on the organization's KM processes. In addition, we argue that for the right customer- and competitor-related knowledge to be managed (created, shared, and utilized), market orientation (Kohli and Jaworski 1990; Narver and Slater 1990) is necessary. We believe that knowledge without a market orientation (MO), albeit knowledge of some sort, is not likely to be useful for enabling superior business performance. We predict that the effects of AC and ITA on KM are partially mediated by the firm's MO.

Data to test our hypotheses were collected from 307 businesses across Canada. ITA and AC were both found to be significant predictors of KM. The mediating role of MO was examined using both regression and path analyses. Both methods showed that MO fully mediates the link from ITA to KM and partially mediates the link from AC to KM. Our results suggest that while information technology can generate data, and possibly some information, there is little that can be accomplished if a MO does not drive the organization to convert the data and information to useful knowledge. Analysis of data or information utilizing the firm's AC can still generate knowledge. However, we argue that whether the right knowledge is generated, disseminated, or used depends on the extent of MO that the firm has. While information technology can generate information, it is the analytical capability that the firm has that allows it to convert this information to knowledge. This research demonstrates the key roles played by information technology adoption, analytical capabilities, and market orientation in determining the extent of knowledge management within the organization.

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FEEDBACK SYSTEM EFFECTIVENESS ON THE MO-PERFORMANCE LINK

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ABSTRACT

Because “knowing the market” is a continuous process, organizations need a feedback system that monitors market changes. Since market orientation (MO) involves everyone in the organization, we demonstrate how other functional areas (in this case, logistics) interface with marketing in the MO process to provide feedback about changing market dynamics.

INTRODUCTION

One feature of the market orientation literature is that most studies have focused on the relationship between market orientation (MO) and performance (e.g., Jaworski and Kohli 1993; Matsuno and Mentzer 2000; Noble, Sinha, and Kumar 2002; Pelham and Wilson 1996). While findings from studies on the consequences (i.e., increased performance) of MO are important, the predictive power of MO is still open to question, which suggests we have a long way to go in understanding what it means to be market oriented (Day 1994; Dobni and Luffman 2000).

A central concept of MO is intelligence generation, which is a continuous process because there are constant changes in the market. Organizations, therefore, need a feedback system in place that monitors market changes and transmits that intelligence back through the organization to allow more effective future strategic and tactical decisions. Therefore, this paper addresses this gap by introducing how feedback system effectiveness (FSE) moderates the relationship between MO and performance.

One of the key contributions of the MO concept is the idea that every function is responsible for the market intelligence processes (Day 1994; Elg 2002). Since customer service is a unifying factor where marketing interfaces with logistics (Rinehart, Cooper and Wagenheim 1989), logistics is one of the many marketing interfaces that can play a key role in generating intelligence about customers in the market. Thus, a second objective is to demonstrate how other functional areas (in this case, logistics) interface with marketing to play a contributing role in carrying out the MO activities.

CONCEPTUAL FOUNDATIONS

Based on the market orientation, logistics service quality, and feedback system literature, a conceptual model and propositions are presented that link MO, FSE, and performance outcomes.

Market Orientation

One of the foundational frameworks of market orientation has been the research conducted by Kohli and Jaworski (1990). They view market orientation as a process that considers the stages of generating, disseminating, and responding to market intelligence as the essence of improving performance. The extensive list of empirical studies testing market orientation's effect on firm performance, however, has shown mixed results (Noble, Sinha, and Kumar 2002), which suggests many issues in the MO-performance relationship still need to be addressed. The first issue involves the lack of theoretical development and empirical testing that links other non-marketing functions to intelligence generation about the market. While most of the MO research focuses on marketing activities that generate market intelligence, it is important to understand other function's involvement in generating market intelligence. When other functions generate market intelligence, they also must disseminate this kind of information back through the organization to make an effective response to this knowledge of the market. This calls for a feedback system that fosters the ability to continuously generate and disseminate new market intelligence. Therefore, the mixed results from the MO-performance relationship may stem from not measuring FSE as a moderating variable, which will be further explained in a subsequent section.

Feedback Systems

Even if the front-end activities, such as intelligence generation, dissemination, and responsiveness are well formulated, the expected benefits can be offset if the control of those processes is ineffective. Day (1994: 43) recommends that, after

acquiring, distributing, and using intelligence, organizations should ask questions such as “Did the market respond as expected, and if not, why not?” Furthermore, Moorman (1995) suggests that after market information is acquired, transmitted, and utilized, organizations should determine and offer performance feedback.

A stream of research to address this issue is control systems, defined as a set of activities or processes to increase the probability that plans are implemented (Jaworski 1988; Jaworski and MacInnis 1989) and the assurance that something happens in the manner that it was intended (Novack, Rinehart and Wells 1992). Management control systems are also described as feedback systems (Green and Welsh, 1988; Simons 1991). Specifically, a feedback control system exists whenever the environment causes a decision that in turn affects the original environment, and the regenerative process is continuous, where new results lead to new decisions that keep the system in continuous motion (Forrester 1958).

MO research has neglected the importance of feedback systems. Although one may argue that feedback systems are inherently a part of the current conceptualization of MO, both the Kohli and Jaworski (1990) and the Narver and Slater (1990) construct operationalizations offer no hint of feedback systems. Furthermore, MO scales (Kohli, Jaworski, and Kumar 1993; Matsuno, Mentzer, and Rentz 2000) do not include any indication of feedback systems. Thus, as opposed to making MO an all encompassing construct that also includes feedback, the authors posit that a feedback system is a separate, distinct concept from MO.

Logistics Service Quality

For intelligence generation about the market, the effectiveness of a feedback system is critically important, especially in rapidly changing environments (Argyris 1976; Fiol and Lyles 1985). Further, an organization's ability to satisfy customer needs through effective and quick responses is critical for sustained success (Jayachandran, Hewett, and Kaufman 2004). One stream of research that taps into the ability to create valuable knowledge about the market is LSQ, which addresses customer perceptions about logistics service. Greater FSE would continuously generate new knowledge as customer's needs and values change and allow organizations to respond faster to those changes.

Logistics is one function that may play a key part in an organization's market orientation. Due to its customer boundary spanning nature, logistics is positioned in a manner to generate knowledge of customers (Flint and Mentzer 2000; Morash, Dröge, and Vickery 1996), and the marketing and logistics interface has been heavily studied in previous research (Morash, Dröge, and Vickery 1996). Logistics personnel are in the distinctive position to coordinate with marketing for customer value creation (Mentzer, Min, and Bobbitt 2004). Logistics service has traditionally been an operations-based concept, but recently, research on service quality has filtered into the logistics literature (Novack, Langley, and Rinehart 1995; Crosby and LeMay 1998; Mentzer, Flint and Hult 2001). The service quality approach addresses the differences between the actual customer service provided and customer perceptions of that service (Parasuraman, Zeithaml and Berry 1985).

Beinstock, Mentzer and Bird (1997) argued that alternative dimensions should be explored for logistics service because (1) the service provider and the service customer are physically separated and (2) the services are directed at “things” instead of people, so technical or outcome dimensions are necessary for logistics service quality measurement instruments. They developed a scale that measured perceptions of physical distribution service quality (PDSQ) based on an earlier conceptual model that included timeliness, availability and condition (Mentzer, Gomes and Krapfel 1989). In an effort to measure logistics service quality specifically, Mentzer, Flint and Hult (2001) developed a scale based upon the earlier PDSQ scale with more specific dimensions added to it.

MODEL DEVELOPMENT

In tying these streams of research together, [Figure 1](#) demonstrates the link between MO, FSE, and performance outcomes. Specifically, the model demonstrates how FSE moderates the relationship between MO and performance. It is posited that the effectiveness of the feedback system interacts with MO to produce differential results in performance (moderation), instead of transmitting the effects of MO to performance (mediation). In other words, as FSE increases, the relationship between MO and performance should be stronger (and visa versa). FSE is defined as the effectiveness of capturing and transmitting performance outcomes of an organization's response to market intelligence and reasons of these outcomes. Further, FSE comprises two dimensions – measures and feedback. These two dimensions are necessary for FSE because first, even if firms have performance measurements for individual functions, this does not mean that the results are fed back to improve future managerial decisions. Second, a feedback system without adequate performance metrics for the firm's functional areas renders it ineffective. Based on the model implications in [Figure 1](#), the following propositions are offered:

P1: Feedback system effectiveness moderates the relationship between market orientation and performance (i.e., as FSE increases, there is a stronger relationship between MO and performance).

P2: Feedback system effectiveness is a second order construct composed of two dimensions – measures and feedback.

While other organizational functions can generate market knowledge, [Figure 2](#) demonstrates how a feedback system captures logistics knowledge of the market through measuring LSQ. Specifically, the order processing and order receipt dimensions of LSQ outlined by Mentzer, Flint and Hult (2001) are measured. The insights gained from these dimensions then become part of the feedback system to create intelligence about the customer's logistics needs, thus explaining one piece of the gap in the relationship between MO and performance.

CONCLUSIONS AND IMPLICATIONS

Empirical results of the MO-performance relationships have received considerable attention, but more understanding of that relationship is needed. To really “be” market oriented assumes a long-term and continuous perspective, and a feedback system must be effective to ensure ongoing responsiveness and improvement. Also, MO requires the participation of all functions within the organization. This paper addresses these gaps by proposing that FSE moderates the relationship between MO and performance. It also contends that various functions' metrics are required to ensure that effectiveness. Insight gained from the proposed model leads to several managerial and theoretical implications. It is crucial for organizations in competitively dynamic industries to find ways to respond to their markets. This paper suggests several implications for managers that can assist them in generating market knowledge in order to develop appropriate responses to ever-changing market dynamics. Through more logistics personnel involvement, a formalized feedback system, and the awareness of customer segments requiring differing service levels, managers are in a position to better utilize MO to respond to customer requirements. In terms of theoretical contributions, it highlights feedback systems involvement in MO dimensions, in particular, the market intelligence generation dimension. To the authors' knowledge, although feedback systems have been conceptually and empirically researched previously, this is the first paper to tie the concept of feedback systems to MO. Secondly, this paper emphasizes the need for more research on other functions' involvement in and impact on MO, instead of only marketing (Day 1994; Elg 2002). In order to empirically test this paper's model, future research should develop measures for the FSE construct by utilizing existing measures from the information processing literature on performance feedback (Moorman 1995) and qualitative field interviews.

Figure 1:
Does Feedback System Effectiveness Moderate the MO-Performance Link?

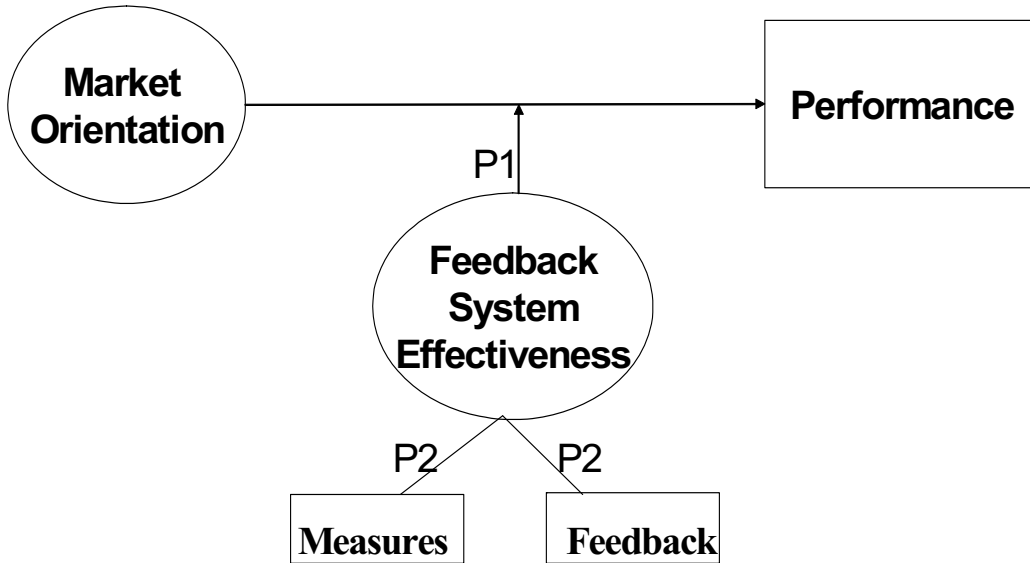
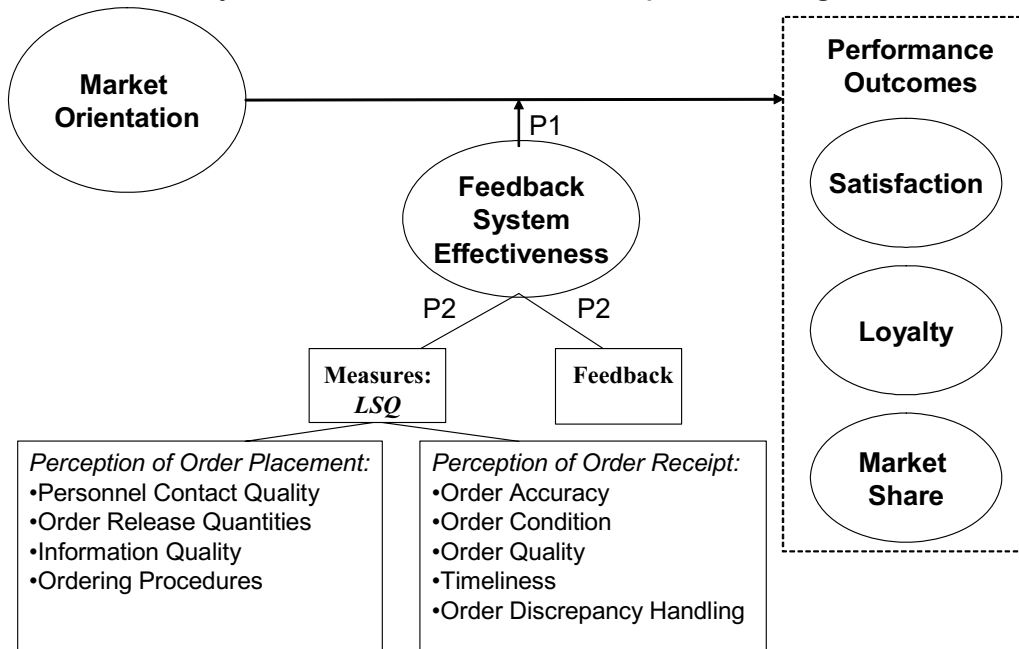


Figure 2:
Feedback System Effectiveness Example in a Logistics Context



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**RETURN ON TRADE SHOW INFORMATION:
A COMPARISON OF EXHIBITOR AND VISITOR PERSPECTIVES**

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ABSTRACT

The proposed model explicates the Return on Trade Show Information (RTSI) construct, from the perspective of trade show exhibitors compared to trade show visitors. RTSI is a measure of tangible and intangible benefits that accrue to the organization as a result of utilizing market information acquired at, or associated with attendance at trade shows. This trade show information may be gathered formally, as during press reviews, product demonstrations, and technical updates; or informally as in casual “halltalk” conversations. Trade show information includes information that is directly gathered at the trade show event, as well as additional information that is gathered within a certain timeframe afterwards. This post-show information-gathering is a result of ideas and plans that emanate from attending the trade show event. For instance, post-show information includes new information acquired immediately and up to six months after the participants return from the show, prompted by conversations, brochures obtained, or demonstrations watched at the trade show.

RTSI is an outcome measure, based on the impact that this trade show information has on the firm, such as improvements in sales planning, strategic planning, generation of new orders/leads, and new product development. These benefits are compared to the costs associated with obtaining this trade show information in determining the RTSI level for the organization. Whereas previous studies overwhelmingly looked at *tangible* benefits of trade shows (i.e., orders, new leads/customers), this paper focuses on both tangible and *intangible* benefits of trade shows (i.e., improvements in strategic planning, policy development) that result when information that is received at, or associated with attending trade shows, is then disseminated and used by members of the organization. Return on trade show information, therefore, is a measure of the success or effectiveness of trade show participation, as evidenced by the benefits that result from the acquisition, dissemination, and use of trade show information, compared to trade show information acquisition costs.

Research suggests that exhibitors frequently do not set formal objectives for their trade show participation, which impacts the ability of management to determine the success or failure of trade show participation (Mee 1988; Blythe 1999). Even so, traditional evaluation of exhibitor trade show success utilizes more tangible measures, such as the number of sales orders or sales leads generated from the trade show (Hansen 1999; Blythe 1999). On the other hand, research suggests that exhibitors often express views of dissatisfaction, or lack of confidence in their knowledge of trade show success. Comparatively, trade show visitors go with clear ideas of why they are there (Blythe 1999). Recent studies suggest that 88% of visitors felt that they had achieved their objectives at trade shows (Blythe 1999). Could it be that RTSI for exhibitors contains a large percentage of intangible benefits as compared to tangible benefits? Or, could it be that exhibitors place a lower value on the intangible benefits of RTSI, compared to visitors?

The model for the proposed research is an extension of one suggested by Gopalakrishna, et al (1995). In their model, measures were developed for evaluating the effectiveness of trade show participation. However, that model focused on tangible outcomes of trade show participation (prospects, leads, sales). In addition, the Gopalakrishna, et al model only looked at trade show participation from the perspective of the exhibitor. The proposed model suggests that perceived information quality moderates the relationship between trade show information acquisition and dissemination, as well as moderates the relationship between trade show dissemination and use. Perceived information quality describes whether the information received at trade shows is perceived to be accurate, relevant, clear, and timely (Maltz and Kohli 1996).

Potential benefits of this proposed research are three-fold. First, it is expected that a better understanding of the value of information gained from trade shows will be attained. By analyzing whether, and how this information is used in the organization, it may be possible to quantify the impact that this new information has on the organization as a whole. Secondly, this research will aid in determining the effectiveness of trade shows as a learning tool. For instance, if exhibitors learn to appreciate the value of other departments in the organization, based on new ideas or procedures learned from other trade show attendees, then this may result in intangible benefits manifested by improved interdepartmental relations, and a higher degree of organizational learning. Lastly, the stream of empirical research in the area of market orientation will be enhanced with this proposed study.

A DEMOGRAPHIC PROFILE OF THE TARGET AUDIENCE FOR GROCERY COUPON PROMOTIONS

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ABSTRACT

The study is focused on identifying the significant demographic characteristics of grocery store customers whose buying behavior is most responsive to coupon-based promotions. The demographic variables considered in this research are: age, employment status, and household size. The underlying managerial implication of this study is that understanding the demographic differences in promotion sensitivities of potential consumers is helpful in making promotion decisions, as well as initial stocking, inventory, and pricing recommendations.

The study is based on panel scanner data obtained from 25 cities in the United States within 3 years – from 1997 to 1999. These cities are geographically dispersed across the different regions of the U.S. The dataset contains more than 6.7 million observations of retail grocery store purchases, including demographic information about consumers in terms of age, gender, income, employment status, marital status, residency, and number of household members.

The major element of the theoretical framework of the paper is transaction costs theory. There are various organization and time costs connected with coupon usage (e.g., handling costs of periodically organizing the coupons, cost of looking through magazines, and time spent in storing and retrieving the coupons). As time becomes a scarce resource, the value attached to successive units is higher. These transaction costs are less burdensome for small households consisting of elderly, retired people, and thus, grocery coupon usage is more likely to be expected as a part of their utility-maximizing behavior. Based on the literature overview, the set of demographic features of a coupon-prone household was hypothesized to be: 2 or fewer member household with retired, 65+ year old head(s).

A 2 x 2 x 2 x 2 (Coupon x Age x Retirement x HH Size) ANOVA was conducted on ‘the number of purchase transactions’ data, followed by a series of post hoc tests for contrasting group differences and Z-tests for difference of proportions. The following factors and levels for each factor were inputs to the analysis: presence vs. absence of a coupon, 65+ years old vs. 65 or fewer years old, retired vs. non-retired HH heads, and 2 or fewer member vs. more than 2 member HH size. A test of the three demographic profile-related hypotheses revealed significant results for the two-way interaction effects (coupon x age, coupon x retirement, coupon x HH size), as well as for the three- and four-way interactions between ‘coupon’ and the other variables. The interpretation of the significant four-way interaction is that households with some particular combination of demographic characteristics are especially sensitive to coupon promotions in grocery stores.

The results of the study demonstrated that sales is significantly higher from customers who redeemed coupons than from transactions without coupons for the following households: a) households with 65+ year-old heads, b) households with retired heads, and c) households with 1 to 2 members. Significant interaction of these characteristics provides a demographic profile of grocery store customers with the highest coupon-promotion leverage: a 65+-year-old head of household, retired, living either alone or with his (her) spouse.

From managerial point-of-view, the study results reinforce the necessity of directing coupon promotional efforts to elderly and retired people rather than to younger-age/employed cohorts. The following directions for re-designing promotion campaigns are proposed: 1) Modifying coupon-featured product mix by adding those goods that are most popular among this category of customers; 2) Developing the design of coupon promotion campaigns in such a way that they become more attractive to people of this age and status (by basing the creative idea of these campaigns on trans-generational or age-free symbols rather than on youth- and health-emphasizing features); and 3) Using “relationship marketing” tools aimed at specific needs of this category of consumers for maintaining their loyalty towards promotion campaigns.

Study limitations and implications for future research are discussed. Directions for future research based on panel scanner data are proposed as follows: buyer behavior response not only to coupon promotions, but also to other featuring techniques, such as shelf location of a product; consumer reaction to package sizes, weights, and volumes; distinctions of buyers’ response towards retailer and manufacturer coupons; differences of customer reaction patterns to promotional campaigns for various product categories (meat, bakery, pets food, hygienic products). Interpretation of these research findings can contribute to more precise market segmentation and promotion campaigns designs.

**BAD APPLES, BAD BARRELS, AND THE STRUCTURE OF MARKETING CHANNEL RELATIONSHIPS:
ANALYSES OF THE PROPENSITY FOR OPPORTUNISM AND OPPORTUNISTIC BEHAVIORS**

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ABSTRACT

The theoretical frameworks of transaction cost economics and agency theory are widely used to develop appropriate control mechanisms for constraining opportunism within marketing channels. In our research, we supplement these normative theories with alternative frameworks which allow us to move from the usual dyadic-level analysis of transaction cost economics and agency theory to include contextual factors as well as individual-level characteristics. Our goal is to offer an alternative, behavioral perspective that can meaningfully inform us as to how and when opportunistic behaviors actually take place.

Rather than automatically assuming that channel firms are opportunistic, we argue that they exhibit differing propensities for opportunism (PFO) because they either are “bad apples” (i.e., possess varying individual-level characteristics such as state of cognitive moral development) or reside in “bad barrels” (i.e., are subject to differing contextual factors such as the social network in which they are embedded). This propensity for opportunism, then, is an important (and, heretofore, unexamined) contributor to actual opportunistic behavior within marketing channels. In short, we investigate the individual-level, dyadic, and extra-dyadic factors that affect opportunistic behavior; included in those individual-level factors is a new construct which we term propensity for opportunism.

COMPETITIVE ADVANTAGE FOR FAST GROWTH SMES: A STUDY OF THE EFFECTS OF BUSINESS ORIENTATION AND MARKETING CAPABILITIES ON FIRM PERFORMANCE

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ABSTRACT

Utilizing a triangulated methodology, this thesis examines the influence of market, learning, and entrepreneurial orientation on firm marketing capabilities, and performance in rapidly growing SMEs. These firms invest in maintaining sound relationships with organization stakeholders and developing superior products/services, marketing capabilities that contribute significantly to firm performance.

INTRODUCTION

This thesis investigates the influence of market (Narver and Slater 1990), learning (Baker and Sinkula 1999), and entrepreneurial orientation (Lumpkin and Dess 2001) as sources of competitive advantage (CA) in rapidly growing SMEs. These three factors synergistically comprise an organization's business orientation, enhancing firm marketing capabilities (MCs), and ultimately, performance. These three orientations are regarded as valuable, rare, inimitable, and non-substitutable (Barney 1991).

There are 2 clear reasons for undertaking this study. First, a review of the literature indicates no research investigating relationships between business orientation, MCs and firm performance of fast-growth firms (FGFs). This cohort is distinct from their slow growth counterparts and larger mature successful firms. Second, extant literature indicates that more work remains to be done in the areas of competencies, orientation, and performance of SMEs (Tzokas, Carter, and Kyriazopoulos 2001). Hult, Hurley and Knight (2004) demonstrated that while these business orientations do not constitute competitive advantage independently, but collectively contribute towards the creation of a unique advantage.

Sexton, Upton, Wacholtz, and McDougall (1997, p. 2) highlighted the economic contribution of FGFs as *gazelles*: companies that achieve a minimum of 20% annual compound sales growth over a 5-year period. According to Birch (1995), *gazelles* comprise 3% of all small companies. In Australia, approximately 10% of all SMEs are FGFs, contributing substantially to national revenue (Gome 2003). Feindt, Jeffcoate, and Chappell (2002) suggested that founders play a crucial role and that internal business processes are better organised than their counterparts. FGFs demonstrate a number of other critical factors, including a propensity to invest in future oriented expenses such as marketing, building of distribution channels, and product R&D (O'Gorman 2001). The hypothesized model is discussed below.

DEVELOPMENT OF THE HYPOTHESISED MODEL

Narver and Slater (1990) views market orientation (MO) as an organizational culture comprising three behavioral components: customer and competitor orientation, and inter-functional coordination. Customer orientation is achieved when a firm succeeds in creating superior value for customers. The creation of superior value requires an understanding of the nature of competitors, technologies, and products that customers perceive as alternate satisfiers MO also includes the coordination of personnel and other resources throughout the company to create value for buyers (Narver and Slater 1990).

Despite its importance, Chaston (2000) argued that there is limited evidence to support direct links between MO and firm growth rate. A number of investigators (Hooley et al. 1999) found that MCs are regarded as more important than operational ones. Consequently, when a firm is up-to-date with information on its customers and competitors (market oriented), it should be able to effectively handle marketing activities within the organization. Accordingly, it is hypothesized that, **Hypothesis 1: Firm MO is related positively to organizational marketing capabilities.**

According to Baker and Sinkula (1999), a learning oriented firm, is an organizational commitment to higher level learning initiatives. Basically, there are three main components of organizational learning: commitment to learning, shared vision, and open-mindedness (Baker and Sinkula 1999).

A learning orientation (LO) is in itself difficult to implement. Many factors have to be taken into consideration as an entire organization is affected. Positive LO directly results in increased market information generation and dissemination, which in turn, affects the degree to which firms make changes to their marketing strategies. Pisano (1994, p. 86) posited that *without*

learning, it is difficult to imagine from where a firm's unique skills and competencies would come. Market oriented behaviors facilitate, but do not guarantee optimal learning. Firms with lower learning capabilities might have an inflexible construction of MO and entrepreneurial orientation (EO). When employees possess enhanced LO, they not only gather and disseminate information about markets and continuously innovate their products, but also constantly examine their interpretation of the knowledge. Consistent with this perspective, Tan and Smyrnios (2004c) found that entrepreneurial drive provides a cultural foundation for organizational learning, enabling enterprises to achieve higher level of performance. Accordingly, it is hypothesized, **Hypothesis 2: Firm LO is related positively to organizational marketing capabilities.**

Lumpkin and Dess (2001) advocates that EO involves 4 key dimensions, namely, innovation, risk-taking, pro-activeness and competitive aggressiveness. The ultimate goal of EO and MO is value creation for the customer. Tan and Smyrnios (2004c) found significant relationships between EO and LO. Value can be created via superior MCs. Research (Hills and LaForge 1992) indicates that firm EO and MO are two major considerations that directly affect operational competencies. Tzokas et al. (2001) noted that these two orientations contribute synergistically to the emergence of unique marketing techniques and overall firm performance. In the light of these findings, it is hypothesized that, **Hypothesis 3: Firm EO is related positively to organizational marketing capabilities.**

Performance measurement has been subject to considerable debate (Murphy, Traylor, and Hill 1996). Absolute performance figures such as return on investment (ROI) and profit levels, sales volume, and market share are difficult to compare between firms operating in different markets (Fisher & McGowan, 1983). Vorhies and Harker (2000) advocated that firm performance should be assessed relative to competing firms when multiple industries are represented in the study as objective measures of performance will vary greatly in different industries.

Investigators (Weerawardena 2003) identified the development of MCs as one of the major avenues towards achieving CA. Marketing capability can be organized into a hierarchy, involving marketing culture, strategy, and operations (Hooley et al. 1999). Vorhies and Harker (2000) identified six processes whereby a firm's value added products and services can reach its target customers. These capabilities include marketing research, pricing, product development, and channels of distribution, promotion, and marketing management. Chaston (1998) postulated that entrepreneurial marketing has a major influence on the performance of small firms. For these reasons, it is hypothesized that, **Hypothesis 4: Marketing capabilities are related positively to firm performance**

A triangulated approach involving quantitative and qualitative procedures was employed. From a qualitative perspective, interview data enables new research questions to be uncovered that might be tested in subsequent quantitative research (Scandura and Williams 2000).

METHODOLOGY

Participants are the 2003 and 2004 *BRW Fast 100* firms (Gome 2003, 2004). The studies generated response rates of 78.4% and 81%, respectively. In 2003 (versus 2004), *Fast 100* firms achieve an average turnover growth of 61% (versus 102%), while the top two companies attain growth rates exceeding 500% (versus 598% and 887%). The growth rate for the company ranked 100 is 32.2% (versus 35%). Predominately, firms were within the previous 10 years.

Items of the *Fast 100* questionnaire were derived from studies measuring MO (Narver and Slater 1990), LO (Sinkula, Baker, and Noordewier 1997), EO (Lumpkin and Dess 2001), MCs and firm performance (Vorhies and Harker 2000). All constructs are measured on 7-point Likert scale ranging from *Strongly Agree* to *Strongly Disagree*. For in-depth interviews, an interview schedule derived from the questionnaire was developed by the present investigator, and involved a checklist of areas.

As noted previously, a dichotomous approach was adopted. In 2003, procedures involved questionnaire mailouts and indepth interviews with 9 CEOs. In 2004, a further 9 CEOs were interviewed. Questionnaires were mailed to owners/CEOs, in stamped, self-addressed envelopes. One hundred and thirty-one questionnaires were returned, generating a response rate of 78.4%. Of the 131 respondents, 88 comprise the final list for the 2003 *BRW Fast 100*. Tape recorded semi-structured interviews of approximately 3 hours provided informants with an opportunity to relay relevant stories. Interviews were transcribed, main themes identified and an overall causal network model was derived.

Data analyses proceeded through via two principal stages using SPSS 11.0 and AMOS 4.0. First, data were tested for violations of statistical assumptions. The statistical plan involved three main processes: Exploratory Factor Analysis (EFA),

Confirmatory Factor Analysis (CFA), and path analysis (PA). EFA involving Principal Axis Factoring with Oblimin Rotation was used to determine the number of factors associated with measures of MO, LO, EO, MC, and firm performance.

RESULTS AND DISCUSSION

After extracting factors, a theoretically developed structure was tested. Five independent one factor congeneric models were evaluated to test for content validity. Congeneric measurement models are useful for assessing the reliability of measures and verifying unidimensionality (Anderson and Gerbing 1988). Nonsignificant items are deleted from each construct until a sound model fit is obtained. Range of statistics for the one-factor congeneric measurement models are as follows: Ratio χ^2/df 0.89-1.39, RMSEA 0.00-0.05, TLI 0.93-0.98, AGFI 0.89-0.95. Items were combined to test the overall fit of the model. Reliability coefficients (Cronbach alpha) were calculated for measures: MO ($\alpha=0.82$), LO ($\alpha=0.85$), EO ($\alpha=0.60$), MCs ($\alpha=0.74$), and firm performance ($\alpha=0.74$).

Owing to the relatively small sample size, the final path model included three elements of MO (i.e., customer orientation, competitor orientation, interfunctional coordination), one element of LO (i.e. shared vision), two elements of EO (i.e., proactiveness and innovativeness), two elements of MCs (i.e., product and relationships) and six subjective firm performance items (i.e., financial performance: profits, ROI, ROE and market performance: customer satisfaction, value delivery to customers and overall marketing effectiveness relative to competitors in the last 3 years). For each variable, weighted composites were developed using standardized factor score weights for each item related to that factor (e.g., customer orientation, innovativeness). This procedure was adopted, rather than simply aggregating items that comprised a factor because each item makes a unique contribution to its construct. The final path model fits the data well, $\chi^2(28, n=131)=28.9$, $p < 0.001$, $\chi^2/df=1.03$, AGFI=0.921, TLI=0.994, CFI=0.996, RMSEA=0.015 (see Figure 1).

Scales used were assessed for social desirability response bias. A short version of the Marlowe-Crowne social desirability scale, Form A (Reynolds 1982) was employed. An EFA using Principal Axis Factoring with Oblimin rotation was performed, culminating in three factors. Two items were deleted because of low factor loadings. Pearson correlation coefficients between socially desirable and MO, EO, LO, MCs scores and firm performance range between $r=0.01$ and $r=0.26$. Of the 27 correlations, the SD scale correlated significantly with only one measure: CA in products ($r=0.26$). This finding might suggest that CEOs rate their products as superior to their competitors, possibly in a socially accepted way. The discussion proceeds with an analysis of findings relating to the effect of firm orientations driving specific MCs (H1, H2, H3), followed by the effects of a CA in MCs and firm performance (H4).

H1: Firm MO is related positively to organizational marketing capabilities. The present path model demonstrates a positive relationship between MO and a CA in MCs, supporting Hypothesis 1. However, as shown, customer orientation is not mediated via MCs, but is directly related to market performance. These results make sense because being customer focused (e.g., closely assessing customer needs and measuring customer satisfaction) should lead to superior CV and overall customer satisfaction (measures of market performance). In contrast, Appiah-Adu (1997) found an association between MO and financial performance measures. Notwithstanding, customer orientation is likely to be a vital determinant of success for SMEs because of a general lack of financial resources.

The model also indicates that competitor orientation is correlated positively with relationships firms have with stakeholders. Relationships are especially vital in FGFs, providing strategic power, enhancing learning processes (Tan and Smyrnios 2004a). By being cognizant and constantly monitoring their competitor strategies, companies are able keep abreast of their competitor when they launch new products/services. FGFs hold an advantage because they observe the big players, quickly outmaneuvering their competition. Being in a niche market helps organizations remain focused. For example, Leigh Jasper, CEO of Aconex elaborates, *we talk about what competitors are doing. We know from looking at their website, when we are selling against them, we get feedback, we know where their products are moving. We document what our competitors are doing.* This finding emphasises that even when organizations lead the market, firms constantly need to monitor competitors.

Being coordinated as a team is important for corporate success. The present findings indicate that interfunctional coordination is related positively to a CA in products. This finding implies that an organization may have the best products/services, but if an organization is not integrated, the bottomline may be affected.

H2: Firm LO is related positively to organizational marketing capabilities. As LO is associated positively with a CA in MCs, hypothesis 2 is supported. The present model shows a positive correlation between shared vision and a relationship advantage with distributors/retailers, contributing to ease of communication with other firms throughout the supply chain.

Committed staff who are treated as part of the business, work towards attaining organizational goals, also leading to sound relationships with retailers and distributors. As well, learning culture involves sharing of information (Tan and Smyrnios 2004a). Dianna Burmas of Mor Cosmetics elaborates, *it is important that staff know what they are working towards. Everyone is kept up to speed so they know what is going on. It keeps the goals common to everybody because if we were very private about that, people start feeling that there is a lack of communication.* When employees are aware of organizational objectives, they are better able to negotiate with other stakeholders.

H3: Firm EO is related positively to organizational marketing capabilities. Hypothesis 3 is supported. The present findings indicate that innovative firms develop products regarded as superior. Innovation involving an ability to think and manage strategically is a key factor distinguishing entrepreneurial firms from small business ventures (Beaver and Prince 2002). As an example, Graeme Pope, CEO of Waterwerks constantly questions its assumptions in the market, quickly manoeuvring their markets in different directions.

Proactiveness, another component of EO, can lead to better products and relationships with stakeholders, who prefer to work closely with successful firms. Proactiveness, as a major source of CA, constitutes being ahead of competition in introducing new products/services (Lumpkin and Dess 2001). Tim Fouhy, CEO of Reactive Media, described that *we have been using macromedia flash and database technologies right from the beginning. We've won a lot of awards so it gives us the ability to demonstrate when winning new businesses.*

H4: Marketing capabilities are related positively to performance. Finally, H4 is supported: CA in products and relationships with stakeholders have varying effects on firm performance. The present model indicates that CA in products leads to high financial and market performance, whereas a CA in relationships with retailers/distributors affects only market performance. This finding could mean that customers may be satisfied with a firm's products, but satisfaction alone does not drive profitability. Furthermore, this study found a nonsignificant relationship between a CA in market research, promotion, pricing and marketing management, and firm performance, the outcome which is in opposition to Vorhies and Harker (2000). Emerging FGFs possess distinct capabilities, focusing on specific abilities (Tan and Smyrnios 2004c), concentrating on relationship marketing with stakeholders, provision of superior products, and detailed marketing planning (Tan and Smyrnios 2004a). Possessing these capabilities provides FGFs with an edge, leading to greater customer satisfaction. As shown in [Figure 1](#), there are significant covariations between MO, LO and EO. This finding implies that these orientations are synergistically sources of CA, the findings of which are consistent with Hult, Hurley and Knight (2004), who suggest that the linkage is not linear but embedded with complexity.

In general, our results indicate that MO, EO, and LO are significant antecedents to MCs. Accordingly, firms can leverage advantages associated with a business orientation to strengthen their MCs. While superior MCs are important drivers of performance, it also appears to be a necessary mediator between business orientation and performance. Without MCs, firm EO, LO and MO might provide little value to the attainment of desired performance objectives.

Notwithstanding, qualitative research has revealed 3 further issues (leadership, firm culture and MCs → CV) (See [Figure 2](#)). First, CEOs are the driving force behind their organizations. A vision to grow and become a successful company influences organizational culture and experiences of employees (Tan and Smyrnios 2004b). Business orientations are driven by leadership. The personal characteristics (beliefs, values, & behavior) and managerial competencies of entrepreneurs are integral, exerting a powerful impact on the direction of the business and employees. Becherer, Halstead and Haynes (2002) also suggested that the influence of organizational and leadership characteristics on MO can lead to more effective marketing. Second, firm culture, and employee empowerment and morale are considered to be further important elements. Company culture fit contributes to cooperation and creativity amongst employees, and ultimately firm performance. Finally, advantages in MCs are recognized as leading to CV. A marketing edge alone does not increase sales. Customers need to regard these products of value, in order to purchase the product, and ultimately contribute to the bottom line through increased sales (i.e., firm performance). Firms need to investigate the key buying factors that customers value when they choose between their business and toughest competitors, and how customers rate their performance versus competitors on each key buying factor. In the context of these findings, Gale's (2000) work begs an important question: What is the importance of each of these components on CV? According to Slater (1997), benefits and costs to customers must be considered.

It is acknowledged that MO, LO and EO are not stable taking time to evolve and change over time. Our findings do not capture the dynamics of these changes. The current investigation is concerned with only the top 100 fastest growing private and public companies, majority of which are emerging enterprises established less than 10 years ago, complying strict inclusion/exclusion criteria. Thus, findings can be generalized only to those firms meeting specific constraints.

IMPLICATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

The purpose of this study was to investigate how MO, LO, and EO are related to a CA in MCs and firm performance. From a theoretical and empirical standpoint, this investigation goes some way towards bridging the gap between related streams of research between firm orientation and strategy. Consequently, several implications and future research opportunities emerge.

Organizations need to synergistically align their orientations so that success is attained. When MO is practised narrowly within existing boundaries, outdated beliefs about existing customers and competitors can become part of company culture. There is a need to be constantly proactive in finding new markets/uses for products and innovation becomes an imperative for maintaining an edge. FGFs can exploit their flexibility in rapidly changing environments. Greater firm wide understanding of customers, competitors, and organizations help defend a market niche. More importantly, leadership drives a firm's proclivity towards business orientation, and fosters appropriate culture. Further investigation on the role of leadership in fostering a firm business orientation could be insightful. Employee morale and empowerment also determines the ways in which firms operate.

Findings of this study suggest that fast growth SMEs, tend to maintain sound relationships with distributors for positional advantages. Strong relationships with retailers and distributors contribute to firm performance. As mentioned earlier, a CA in market research, marketing management, promotion and pricing alone do not contribute significantly to the hypothesized model. Clearly, there is a need for further research to test its applicability to different type of firms. Firms should also look for ways to enhance MCs specific to their organization as this linkage is critical to firm performance. Tan and Smyrnios (2003) suggested that a CA should result in greater CV, translating to better firm performance. Value exists in the mind of the customer. Thus, organizations and customers may not perceive organizations/products as how organizations see themselves. This logical connection should be taken into consideration. Rigorous testing of key relationships obtained in this study should also be pursued using larger data sets and different cohorts.

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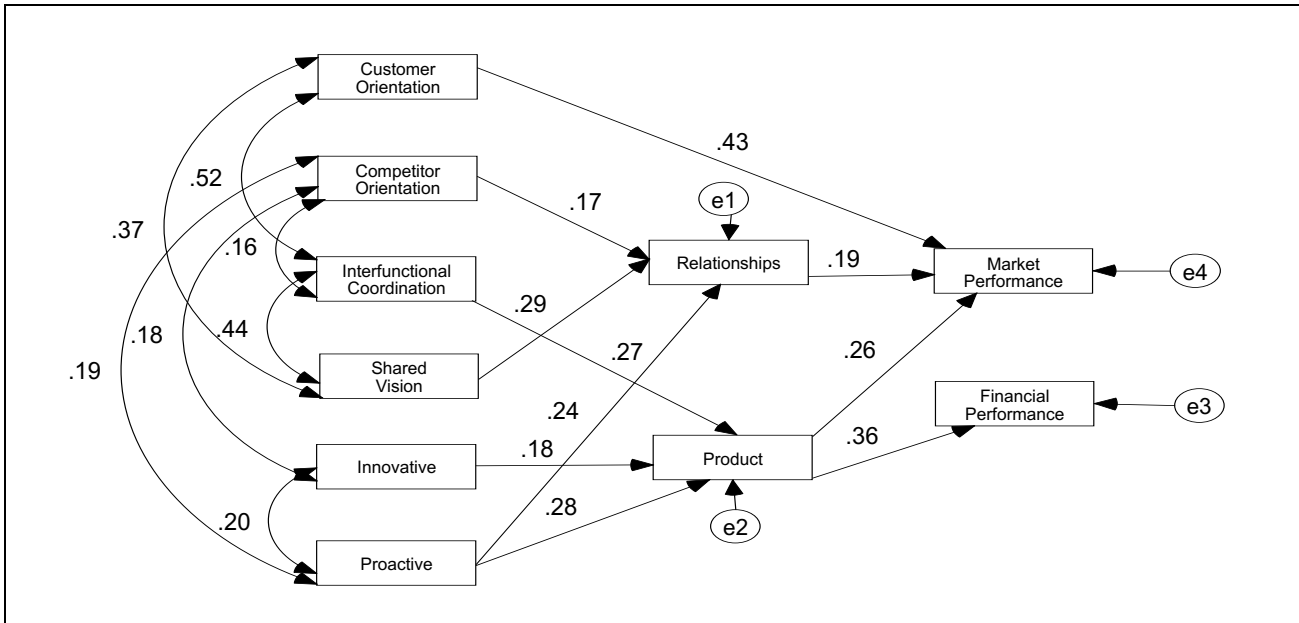


Figure 1. Path model of business orientation, marketing capabilities and firm performance

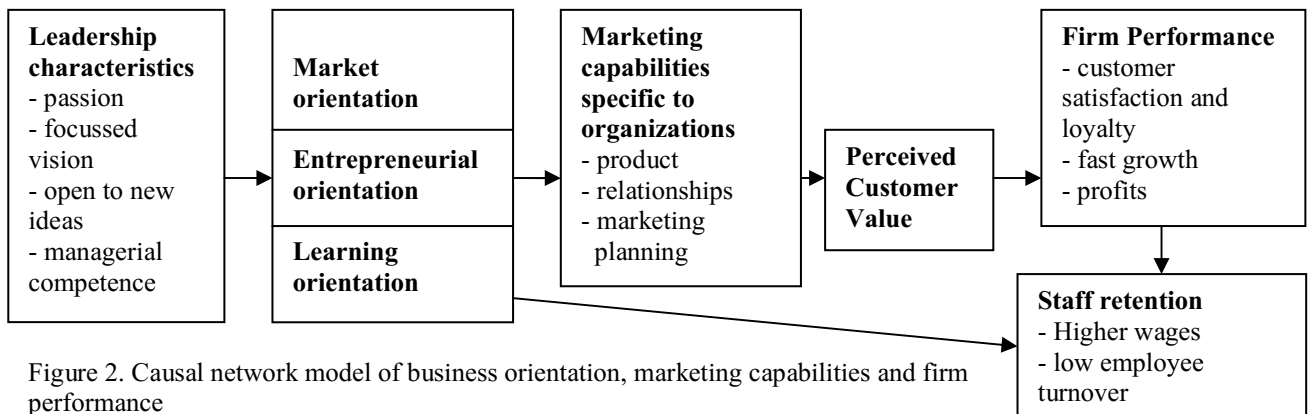


Figure 2. Causal network model of business orientation, marketing capabilities and firm performance

EMOTIONAL ATTACHMENT TO BRANDS: THE CONSTRUCTION OF A SCALE

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INTRODUCTION

Brand loyalty and consumers' attachment to products have been researched extensively in marketing (Oliver 1999, Richins 1997, Shimp and Madden 1988). However, research on consumers' emotional attachment to brands has been scant. In this paper, we investigate consumers' emotional attachment to brands by developing a scale to measure this construct. Prominent in the literature are two divergent approaches that investigate loyalty in two different ways: the stochastic approach (purely behavioral), and the deterministic approach (attitudinal). In the current study, we investigate the role of emotional attachment to brands from a deterministic perspective as an important component leading to brand loyalty (a nomological link).

EMOTIONAL ATTACHMENT

Sternberg's (1986) Theory of Love provides a strong framework for discussions of emotional attachment. There are three fundamental components of love: intimacy, passion, and decision/commitment. We initially adopted these components and added a new construct (Separation anxiety) borrowed from the psychology literature on separation anxiety resulting from detachment with the emotional figure (Sable 2000). Trust was also investigated as a main dimension of this construct. In short, emotional attachment to brands is hypothesized to include four dimensions: trust, pride, intimacy, and separation anxiety. It is also hypothesized that these four dimensions are positively related to brand loyalty, a construct relatively similar to the decision/commitment component of Sternberg's theory.

SCALE DEVELOPMENT

Based on findings in the literature, a total of 40 items (7-point Likert scale) were generated (ten items per dimension). Based on recommendations from experts in the field, 16 items were dropped, leaving a total of 24 items. The Brand Loyalty scale (Putrevu and Lord 1994) was adopted. Two hundred and nine graduate and undergraduate business students participated in the study. Subjects were asked to think about a brand that they felt attached to and were fond of.

The measurement model was assessed using several steps: Exploratory Factor Analysis (EFA), item purification, assessments of unidimensionality, convergent and discriminant validity, and reliability. Most items loaded on the proposed dimensions. Multivariate normality was assessed using the PRELIS procedure. A CFA was run with LISREL 8.54 using the Maximum Likelihood Estimation (MLE) procedure. The "Pride" dimension was dropped due to significant standardized residuals. Ten items were removed due to large standardized residuals. All of the 11 items remaining on the scale met most of the standard fit requirements for acceptable model fit (GFI = 0.95, AGFI = 0.92, CFI = 0.98, RMSEA = 0.045). The chi-square was significant ($\chi^2 = 58.39$, 41 df, $p < .05$), however this was expected due to the large sample size (Marsh, Balla and McDonald 1988).

Gerbing and Anderson's (1988) procedure was followed. The resultant measurement model represented a relatively good fit. The residuals did not show any need for respecification and thus sufficient unidimensionality was assumed. All of the 11 items' loadings were between .64 and .96. There was evidence of discriminant validity among the three dimensions (AVE > 0.5). Cronbach's alphas ranged from 0.82 to 0.91. Nomological validity was tested by assessing the structural relationship between the three dimensions of emotional attachment and brand loyalty. Two of the three links (between brand loyalty and trust, and brand loyalty and intimacy) were significant at $\alpha = 0.10$ (the relation between trust and brand loyalty was significant at $\alpha = 0.05$), providing support for H1 ($t = 1.52$) and H3 ($t = 5.70$). Separation anxiety was not significantly related to brand loyalty ($t = 0.83$), therefore H4 was not supported. Because "Pride" was dropped, H2 was not supported. The structural model fits the data well. The Chi-square was significant ($\chi^2 = 104$, 59 df, $p < 0.0002$), but CFI (0.97), GFI (0.93), AGFI (0.89), and RMSEA (0.062) indicated a good fit between the data and the model estimated.

DISCUSSION, LIMITATIONS AND FUTURE RESEARCH

Results from our research reinforced findings in the literature on the attitudinal and deterministic perspective of brand loyalty. Trust and intimacy dimensions of emotional attachment were found to be positively related to brand loyalty. Meanwhile, the relationship between separation anxiety and brand loyalty was not supported. The final EAB scale consists of 11 items representing three dimensions: Trust, Intimacy, and Separation anxiety. Even though Separation anxiety was not

found to be significantly related to Brand loyalty, we decided not to drop this construct from the proposed model and called for further research on this dimension.

References available upon request

RACIAL IDENTITY AND ART CONSUMPTION

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ABSTRACT

The nature and ethos of cultural minorities are still far from well known (Nwankwo & Lindridge, 1998). Although culture is distinct from race, the terms 'racial marketing' and 'multicultural marketing' have been used interchangeably to refer to the study of racial minorities (see Nwankwo et al., 1997). This paper queries sociology, anthropology, and marketing literatures to study multiracial population, encompassing consumers born to a pair of parents with distinct racial identities, e.g., Latino father and Caucasian mother.

First, the multiracial and monoracial populations are compared and contrasted on the basis of three key mindset variables (Sunderland, Taylor, & Denny, 2004): need for social acceptability, need for group identification, and need for uniqueness. Second, the three variables are used to determine which of the two populations might consume greater amount of cultural products. Incorporating cultural products as the mediator within interpersonal identity negotiations shifts the focus from person-person relationships to person-object-person relationships. Although every product is, to some extent, representative of a certain culture, we focus on Artworks, Collectibles, and Antiques (ACA).

Burke (1980) defines identity as a set of meanings that one attributes to oneself or another as an object in a socio-cultural situation. Race is one of the major pivots in the structure of identity. Racial identity is a subunit of self-identity, which in turn is a subunit of self-concept. Race can limit or enhance one's life chances and social mobility (Rockquemore & Brunnsma 2002). Cornell & Hartmann (1998) view race as one of the most common categories that contemporary human beings use to describe their identities. Therefore, racial identity probably undergirds many personality traits.

Two dominant theories have guided research on multiracial identity. One, termed 'identity formation', is rooted in the psychoanalytic approach and the other, named 'symbolic interactionism', is advanced by social psychologists and sociologists. Although both theories explain how consumers develop their identities in person-person relationships, person-object-person relationships are better understood using symbolic interactionism. More specifically, one way in which consumers interact and negotiate their self-identities with others is by consuming cultural products (Bourdieu 1984), especially works of art.

After facing and aesthetically responding to an artwork, consumers usually attempt to learn about its various meanings by asking where, how, who, why, and when questions. Asserted or assigned answers to these questions represent various aspects of consumers' self-identities. Consumers respond less to the visible (intrinsic) attributes of cultural goods than to the invisible (including symbolic) meanings given to them (Dimaggio 1987; Veblen 1949). Consumption of artworks is analogous to a mirror reflecting to the world more than to oneself one's unspoken and invisible cognitive and emotive attitudes, which make up one's identity or image.

Overall, findings indicate that multiracial, compared to monoracial, consumers are characterized by (a) higher levels of needs for social acceptability and group identification; (b) tend to consume more ACA; and (c) have almost equal levels of need for uniqueness and art enthusiasm (controlled variable). These observations are generally consistent with literature. First, both identity formation (Gibbs, 1997; Herring, 1992) and symbolic interactionism (Gibbs, 1973; Omi & Winant, 1994) theories imply that multiracial consumers are more concerned about their general acceptance within their select groups and within the society in general. Our in-depth interviews and survey results confirm this implication by showing that multiracial consumers do, in fact, have higher needs for social acceptability and group identification. Second, the association between racial identity and ACA consumption has not been directly addressed. Our interviews and survey detected that multiracial, compared to monoracial, consumers consume significantly more ACA. Third, race, needs for social acceptability, group identification, and art enthusiasm are salient predictors of ACA consumption. Race, alone, is a major precursor of ACA consumption. Finally, the literature on multiracial identity is not clear whether multiracial and monoracial consumers differ in terms of need for uniqueness and, if they are, which population would have a higher level of this need (see Rockquemore & Brunnsma, 2002; Piskacek & Golub, 1973; Cauce et al., 1992; Gay, 1987). The interviews, consistent with survey results, indicate no substantial difference.

References available upon request

LESSONS LEARNED AS A TEACHER

Victoria L. Crittenden, Boston College, USA

ABSTRACT

As an educator, I recognize the impact each of us has on our students. After many years in the classroom, I have learned four major lessons and have developed a teaching philosophy pursuant to these lessons. Regarding the lessons I have learned as a teacher: (1) I have learned that the example we set can be every bit as important as what we say, (2) I have come to realize that students learn in a variety of different ways, (3) I recognize that students (and faculty) have the opportunity to leverage a unique blending of theory and practice via the classroom experience, and (4) I have learned that the teaching environment in our schools of management/business fosters a set of responsibilities among our faculty to ensure a value-added educational experience for our students. Thus, there are four cornerstones upon which I build my courses and conduct my classes: practice-oriented learning, motivation, empathy, and passion.

To be a successful educator, I feel strongly that I must create and deliver a rigorous, *practice-oriented learning* experience that (1) is well-organized (well-constructed syllabus, schedule, and set of requirements), (2) utilizes the best value-added learning materials and the latest thinking, and (3) pushes each student to "raise the bar" of their individual learning achievement. Included in this is the importance of clear and powerful communications (e.g., lectures, questions, slides, e-mail, cases) and recognition by students that I know and respect them and their ideas. Finally, it requires that I clearly convey that honesty and ethics in academic work, and by extension—life, is expected of each and every one of them. As I attempt to practice what I preach, I also believe that practice-oriented learning means that my students are placed as close as possible to real-world experiences. While I believe that marketing theory should drive our processes and decisions, I also feel strongly that my students must practice the use of this theory while in the classroom.

To be a successful educator, I believe one must be a successful *motivator*. I believe student motivation begins with the development and communication of "stretch goals"—goals that are difficult but achievable. I inform my students orally and in writing that I expect students to clearly demonstrate thorough preparation, active and reflective thinking, thoughtful writing, and effective group interaction. My students know from the beginning of the term that I will evaluate the care with which facts are used, their ability to state problems and issues clearly, and their use of appropriate analytical techniques and theory, sound logic and argument, and consistency between analysis and recommendations. Motivation also comes from having adequate direction so students understand what we are trying to accomplish and why it is important. I try to begin and/or end each class with a brief discussion of objectives, what we have learned, and/or how discussed techniques may be generally applicable in a variety of organizational environments.

Recognizing that students learn in a variety of different ways, a successful educator must demonstrate *empathy* and a willingness to use a variety of mediums to convey material. I am principally a case teacher and use a Socratic style, supplemented with lectures, discussions, and experiential exercises. Appropriate levels of empathy also require that I know my students. All of my students complete a class card that provides me with information about previous marketing classes, work experience, and one tidbit of personal information that I would not surmise otherwise. Prior to the first class, I attempt to put names and faces together (via online ID photos) since I believe that knowing my students also fosters mutual understanding, builds trust, and assists with individual learning issues.

To provide a well-organized set of materials with ideas that are clearly communicated requires the successful educator to have a *passion* for teaching, using new and innovative materials and techniques where appropriate. I believe my passion for teaching and for my subject matter comes through in my classroom style and in my development of educational materials that are presented and published regularly. As a case teacher, the dialogue I use may vary from confrontational to cooperative to role-playing. I foster an environment where every student is afforded the opportunity to present his/her analysis and/or view, both to encourage the less-assertive student and to develop in all students the art of listening and the understanding that there are many perspectives to an issue. I encourage students to question each other, as well as bail each other out when a colleague has pursued an ill-advised path.

REFLECTIVE STATEMENT OF TEACHING PHILOSOPHY

Daniel J. Goebel, Illinois State University, USA

ABSTRACT

The existing business environment is both dynamic and complex. The students we are preparing in today's classroom must be able to face the realities and challenges of the business world and lead organizations into the future. Hence, I view my responsibility as an educator as one that prepares students to face today's business climate with confidence while equipping them for success in a future that necessitates life-long learning. As such, my goal as an educator is to provide students with knowledge and skills in the areas of critical thinking, interpersonal relationship development, and communication all within the marketing domain. To that end, I have adopted the active learning paradigm that requires students to not only understand what they read but also to put their learning into motion. My success as an educator stems from implementing this paradigm from the standpoint of establishing course expectations, adding relevance to the coursework, and engaging in teaching enhancement activities. These three areas of emphasis are discussed next.

ESTABLISHING EXPECTATIONS

Setting expectations for student performance in a course is very important. Students are more at ease with a course if they understand some fundamental elements such as: 1) the class session format, 2) how groups will be formed and governed, 3) the manner in which students will be evaluated for the course, and 4) the schedule for when topics will be covered including the exam schedule and class assignments and due dates. Removing ambiguity for students is essential for establishing a supportive, learning environment that will carry throughout the semester. Obviously, this information is best communicated in the syllabus. Student expectations are established by providing detailed schedules of what is required for each assignment and when those assignments are due. In addition, I require a professional environment in my classes at all times. This environment is reinforced by a "Comment on Professionalism" statement included in each syllabus. The professionalism comment establishes standards of behavior expected of students and includes statements related to attendance, the submission of assignments, and how I will deal with interruptions by cell phones among others. I believe that this comment is important because it informs students that ultimately it is the students' responsibility for how they perform in the course. Students who perform well in my classes have a thirst for knowledge and exhibit the characteristics expressed in the statement.

ADDING RELEVANCE TO THE COURSEWORK

Since Marketing is such an application-oriented discipline, I believe that for students to understand the material they need to become actively involved in using the concepts we discuss in class. This belief coincides completely with the learning principle that time on task is essential to develop a deep level understanding of course material. To facilitate the inclusion of real-world examples and experience into the course, I utilize three primary strategies: 1) course projects and exercises, 2) current article portfolio and marketing book report, and 3) guest speakers and job shadows. Each of these strategies will be elaborated upon during the presentation.

TEACHING ENHANCEMENT EFFORTS

My goal as an educator is to perform at a high level in all of my courses and to continuously improve my pedagogical skills while ensuring a positive experience for all students. To that end, I have pursued a three-pronged attack that includes: 1) attending teaching symposia and enhancement seminars conducted on the ISU campus along with sessions focused on teaching improvement at national or regional conferences, 2) making the scholarship of teaching and learning part of my research focus by obtaining a grant that allows a colleague and I to investigate the relationships among student learning styles, specific course pedagogies, and student outcomes, and 3) utilizing technology to a greater extent through the use of course web sites and WebCT for delivering course materials and student grades.

CONCLUSION

For me, teaching is both a great opportunity and a responsibility to make a positive difference in the lives of so many. As mentioned at the outset of this statement, my goal as an educator is to provide students with the tools to prosper in an ever-changing and complex business environment. I believe that through the incorporation of real-world content, the facilitation of

active learning, the dedication to continuous improvement in teaching, and the dissemination of practical information from my own business experiences, I am helping to build a solid foundation from which students can launch successful careers.

**TEACHING PHILOSOPHY:
AN INTEGRATIVE PERSPECTIVE TO EFFECTIVE MARKETING EDUCATION**

Salah S. Hassan, George Washington University, U.S.A

Teaching Mission:

“I’m committed to extending my knowledge and expertise in order to reach and make an impact on my students’ learning experiences and on their future careers.”

Teaching Philosophy:

My teaching philosophy is based on building enthusiasm among my students and challenging them to utilize advanced knowledge that relates to highly valued competencies for real-life marketing careers and management applications. My teaching objectives are based on three critically important pedagogical competencies: (a) to develop advanced knowledge for the understanding and analysis of the global marketplace; (b) to effectively utilize and apply key marketing concepts, strategies, and tools to help solve real-life business problems; and (c) to foster a strong linkage with the business community through applied learning projects that allow students to work directly on real-life marketing problems.

I have successfully developed and continue to develop key competencies in my students through the use of great teaching ideas. Accordingly, the primary areas of focus in my teaching efforts are to develop the groundwork for the important competencies mentioned above and to coach my students in building the skills needed to have a positive outlook toward successful future careers.

To assist me in achieving these objectives I base my teaching methods on the following dimensions:

1- An “applied learning” dimension that stresses out-of-class assignments and projects. These assignments/projects place the student in the role of a future manager who is facing a variety of situations and decisions. This applied learning approach places greater emphasis on the student’s mastering of marketing knowledge for real-life applications. In this context, students will become involved in a number of applied learning experiences. The goal of these experiences is to illustrate important concepts in memorable ways.

2- An “interactive” dimension that allows the student to function in teams in order to ensure the development of communication skills needed for collective decision making. Students communicate their analyses in discussion sessions or through formal presentations as well as in written reports that allow them formal feedback from faculty and executives.

3- A “global” dimension to advance students’ understanding of the complexities of world markets and to enhance their abilities for effective cross-cultural communication and enriched understanding of global marketplace environment.

An integration of these three dimensions has enabled me to produce knowledgeable students with competitive skills, self-confidence, and favorable attitudes toward the global marketing environment. Apparently, this philosophy and approach to teaching has worked well for me, since my students have repeatedly expressed their excitement and satisfaction with the quality of the learning experience received in my classes. Also, the client-oriented projects were highly rated by the sponsoring organizations.

Teaching Philosophy

Robert B. Woodruff, University of Tennessee, USA

ABSTRACT

I believe that students learn from multiple learning events occurring within and between the class sessions in a course. Learning also progresses across events within a curriculum, as students move from one course to another. Consequently, my teaching philosophy considers student learning within class sessions, between class sessions, and transitions between courses.

Student Learning within a Class Session

Students experience learning opportunities in every class session. In each opportunity, they may learn in different ways, such as by listening, by observing, by engaging in discussion, and by doing. I believe in using all of these learning methods during a class session. Consider the learning of a new concept. Students may begin learning by listening to the instructor introduce the concept and explain its meaning and significance. Then, they may observe an in-class demonstration of the concept and discuss what they observed. Finally, they may perform an in-class experiential exercise that uses the concept to perform a task. Each new way of learning in the sequence reinforces the previous one and provides periodic feedback on their learning. Further, varying the learning mode in this sequence helps to keep the students' interest and attention levels high throughout a class session.

Student Learning Between Class Sessions

Student learning within a class session may be enhanced or eroded depending on what happens between classes. I use outside-of-class experiential learning exercises to reinforce both past and future class learning. Sometimes, these exercises may be limited in scope to link together learning in a relatively few classes. For example, cases, internet searches for market analysis information, in-store visits to evaluate marketing tactics, and consumer qualitative interviews may be used to focus student learning on selected learning objectives. I also create more comprehensive projects to reinforce and link learning across many classes. For example, I have used a semester long, team directed marketing strategy project to facilitate meeting the capstone learn-by-doing objectives of a senior level marketing strategy course.

Planned Relations of a Course to a Curriculum

A course instructor should design and deliver a course with curriculum learning objectives in mind. For example, a course should reinforce and build on learning from previous courses in a curriculum sequence. Prerequisites, in particular, should play an important role in the focal course's content. Similarly, an instructor should generally be familiar with the content of courses coming later in a curriculum. The focal course should ensure learning of concepts, theories, methods, and applications that feed into these later courses. One way to help students see these relationships is to present a curriculum model to the students periodically during a course. The model shows where the focal course is positioned in the larger curriculum and enables the instructor to relate what the students are currently learning to what they have learned previously, as well as what they will learn later in the curriculum.

In summary, my teaching philosophy focuses on managing complex student learning processes within and between classes in a course, and within and between courses in a curriculum. Equally importantly, managing means demonstrating to the students the instructor's personal interest and concern for their learning of knowledge important to their career.