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

Harlan E. Spotts *Editor*

Creating and Delivering Value in Marketing

Proceedings of the 2003 Academy of Marketing Science (AMS) Annual Conference

Springer

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The management of a conference this big is simply not possible without the special cooperation and assistance of the program chairs, conference coordinators, and track chairs. Therefore, the most important acknowledgment goes to Barry Babin and Alvin Williams, Conference Co-Chairs. Further, the track chairs worked relentlessly to encourage submission of papers, managing the review process in a timely fashion, and in organizing the session details. They deserve a very special mention and they are also acknowledged in the proceedings.

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Finally, a major acknowledgment and many grateful thanks go to all those who submitted their work, the reviewers who assessed the manuscripts and sessions, and the session chairs and discussants who volunteered to take on the per session duties. With their help and support these individuals helped to make the 2003 Academy of Marketing Science Conference a success.

Harlan Spotts, Editor
2003 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 if 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 suck resources as may be available to aid them in the development of improved teaching methods, materials, devices and directions.

9. Seek means for establishing student scholarships and professional university chairs in the field of marketing.

10. Offer Fellow of the Academy status to business and institutional executives and organizations.

11. Modify the Academy's purpose and direction as the influence of time and appropriate constructive forces may dictate.

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Addendum to the 2002 Proceedings

A BLUEPRINTING PERSPECTIVE TO MANAGING GIVING

Michael Jay Polonsky, Victoria University, Australia
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ABSTRACT

This paper examines the potential of using service blueprinting to assist non-profit organizations in better managing their donation efficiency by identifying the complexities of the donation process from a customer perspective, which in turn should allow them to better meet the needs of those they seek to assist. A disregard of donors' expectations in relation to the overall experience could potentially result in "dissatisfaction" and thus reductions in future donations to a given organization.

INTRODUCTION

Non-profit organizations are facing increasing pressure on a range of fronts, which impacts on their ability to deliver services. First and foremost internationally there are reductions in overall government support of non-profits (Howard 2001). This has resulted in explicit governmental calls for individuals and businesses to become more involved in supporting those in need (Dodson 1998). Second, there is also increasing competition for slices of the donation pie (Flack 2001), as more focused niche charitable organizations appear, while some organizations, such as universities and schools, reposition themselves as needy (Anonymous 2001). Third, funding difficulties have exacerbated as the demand for non-profits services has increased, as the gap between the haves and have-nots has increased and governmental policies have in some cases explicitly shifted out of community services. For example in the US some states have privatised welfare services, which has resulted in some needy people being disadvantaged (Breaux, Duncan, Keller and Morris 2002).

While non-profits are not traditional "businesses", their activities make substantial contributions to economies and society (ABS 1999). Any practices that will allow these organizations to increase their efficiency, both in terms of generating monies and providing services, will therefore have a substantial positive impact on societal outcomes as well as on the non-profits economic impact.

Researchers have suggested that for-profit types of marketing strategies are frequently applicable to the non-profit setting (Andreasen 1996) and a range of traditional marketing theory has been examined in a non-profit setting. This work includes market orientation (Alvarez Gonzalez, Santos Vijande, and Vazquez Casielles 2002), brand management and equity (Polonsky and Macdonald 2000), relationship management and segmentation theories (Shelley and Polonsky 2002), as well as lifetime value of customers, i.e. donors (Aldrich 2000). While it is sometimes suggested that for-profit ideas can be easily translated across sectors (Andreasen 1996), others have suggested that modifications to theory needs to take place (Kotler and Andreasen 1996). Thus, when examining the extensions of for-profit ideas to the non-profit sector, it is important to consider whether there is any unique characteristics of the non-profit sector that require the modification of theory.

The services marketing literature identifies that for organizations to effectively provide services, they need to understand the service delivery process, which can be examined using the service blueprinting process (Zeithaml and Bitner 2000). Many service organizations blueprint services to improve the marketing or operations of the organization (Hoffman and Bateson 2002). It is interesting to note that there is not extensive research on this aspect of the service experience. While literature on blueprinting services has traditionally focused on firm – customer/consumer exchanges within the traditional for-profit sector (eg. Danaher and Mattsson 1998), there is no reason that blueprinting could not also be applied to the not-for profit sector, as this involves a range of service exchanges (Kotler and Andreasen 1996). One might suggest that the approach is even more relevant to non-profit organizations, given that these organizations are facing increasing pressure to deal with a range of consumers who in many cases rely on the organization for their survival (eg. Meals on Wheels type programs).

Though no doubt, users are customers, a range of literature suggests that donations of time and money are service exchanges in which the donor is also a customer. This includes literature in the non-profit area (see Kotler and Andreasen 1996; Pitt, Keating, Bruwer, Murgolo-Poore and de Bussy 2002), helping behaviour (see Sargeant 1999) and volunteering (see Wymer and Starnes 2001). Thus, while donors supply resources to nonprofits, the literature does not identify or discuss them as suppliers, but rather as customers. Taking this perspective is also consistent with Lovelock, Patterson and

Walker's (2001) definition of a customer service exchange (p.4). As such, it would be expected that service literature, including blueprinting, would generally be applicable to non-profit activities.

This paper examines some of the potential complexities associated with using a service blueprinting process for donation service experiences. The object of this paper is to define the process, in the non-profit context, and identify potential issues that might make using this more difficult or complex. While it is possible and important to apply this process to those 'in need' to ensure an efficient delivery of service, this will not occur if organizations do not have the funds and support necessary to deliver the service. The next section of the paper examines the implications of service blueprinting for the non-profit sector, focusing on the donation service exchange.

BLUEPRINTING

The purpose of creating a blueprint is to highlight the complexity and divergence of the service (Shostack 1987), with the aim of improving efficiency and effectiveness in serving customers. Much has been written on the benefits of blueprinting. From an operations perspective, blueprinting can check on the logical flow of the process and identify bottlenecks, or fail points in the system (Kingman-Brundage 1989). While this may create economic efficiencies, it may not create more satisfactory service experiences, at least in the minds of consumers. However, from a marketing perspective blueprinting looks at understanding customer needs or wants by organising the process to take a marketing orientation (Balabanis, Stables and Phillips 1997), identify points of contact with the inanimate environment and personnel (Langeard, Bateson, Lovelock and Eiglier 1981). An effective blueprint that is customer-focused may encourage brand loyalty (Hoffman and Bateson 2002), identify elements of the process with customer satisfaction (Shieff and Brodie 1995), service quality (Getz, O'Neill and Carlsen 2001), and donation behaviour (Seargent 1999). It is therefore critical that non-profit organizations get the process right the first time to ensure donor satisfaction and a continued donating relationship to reduce any potential switching of donations to other non-profits. This will allow organizations to more efficiently undertake donation service exchanges, saving and generating more resources, to serve those in need.

Using Zeithaml and Bitner's (2000) six-step process of building a blueprint as the conceptual framework, the remainder of this paper will highlight the unique features and complexities in blueprinting associated with non-profit organization-donor exchanges, with the focus on givers as the customer.

The first step involves identifying the service process to be blueprinted. In the non-profit sector this can be done for the firm-customer service exchange (i.e. helping the needy) as well as the donation service exchange (donors, volunteers and in-kind donations), which is the focus of this paper. Anecdotally, it is interesting to note that most non-profit organizations do not even consider that helping the needy individual is something that needs to be "marketed", instead they use the term marketing when referring to their financial donor activities. In defining the donation service experience we focus on giving and make some reference to volunteers, as well. In reality donations, volunteers and client services (i.e. the needy) most likely involve separate mapping processes (Zeithaml and Bitner 2000). The failure to understand that each service is in fact different will result in firms not defining experiences correctly.

The second step is to build a blueprint to identify the customer or segment experiencing the service. As was mentioned above the input segment can be subdivided into individuals/organizations giving money (donors), individuals giving time (volunteers) and individuals/organizations giving other in-kind support like office furniture, advertising, etc. A separate blueprint should be developed for each major segment as their experiences are different and thus issues of salience may differ between them. For example, literature suggests that donor groups have different motivations to provide assistance, as well as behaviours and expectations (McCurley and Lynch 1994; Sergeant 1999). The differences may impact on the process substantially, as the blueprint for "sporadic donors" (Miller and van Wyk 2000) would most likely be less complex and divergent, than for a regular volunteer or donor.

The third step involves mapping the process from the customer point of view. It is important to the organization to avoid focusing on processes or steps that have no customer impact (Zeithaml and Bitner 2000). For non-profit organizations this is of particular importance, as motivations to give differ amongst donor segments (Sargeant 1999) and thus understanding each segments specific interests is critical and as mentioned in the step two discussion a range of factors may require adjustments to the service experience. For example, someone who financially supports a medical cause, which impacts them directly, may want continuous updates on the latest developments in new treatment. Whereas, someone interested in doing 'good' for the community, might be more concerned with the efficiency of the cause and future initiatives. While those donating to receive a tax benefit may not want any ongoing interaction with the cause.

Failure to understand these differences would be similar to not translating customer salient service criteria into service dimensions (Parasuraman, Zeithaml and Berry 1985)

The fourth step involves mapping contact employee actions to identify the lines of interaction and visibility from the customer's perspective. There is very little variation in this step for non-profit donor compared with service organizations. However, non-profits' ability to coordinate "employee" activities may be difficult as both front stage (reception, door knock appeals, staff in retail outlets, etc.) and backstage activities (phone solicitation, processing donations, organising rosters, etc.) are frequently staffed by volunteers. In this context volunteers are both donors and "employees" (McCurley and Lynch 1994; Wymer and Starnes 2001), meaning they are involved in several stages of the blueprinting process, each in a different capacity. As with "traditional" service operations these backstage activities do not need to be visible, though their performance will impact on the customer experience, which will vary based on the specific donor (Hoffman and Bateson 2002; Parasuraman et al.1985).

The fifth step of blueprinting links the backstage processes to the customer. The organization must have excellent support systems (internal or outsourced) to support the exchange with the customer (e.g. sending receipts, mailing newsletters). In this area it is not envisioned that the non-profit and for-profit activities will differ substantially, other than the potential inability of non-profits to manage volunteer employees as desired (McCurley and Lynch 1994; Wymer and Starnes 2001).

The final step suggests organizations should map the physical evidence (Bitner 1993) the customer comes into contact with during the service experience. From a non-profit perspective the organization must find the right balance of physical evidence - professionalism (Shelley and Polonsky 2002), brand building (Polonsky and Macdonald 2000) yet not be too extravagant. Blueprinting is important in the non-profit sector, not only to manage resources efficiently (Sargeant 1999), but also to be perceived to be efficient by their publics.

IMPLICATIONS FOR MANAGING GIVING

Every non-profit organization has a multitude of constituencies for which it must manage the service experience (Kotler and Andreasen 1996). Non-profit organization managers frequently fail to consider the significance of each service exchange process (Rothschild 1998), and hence do not manage the donor as effectively or efficiently as possible.

Undertaking the blueprinting process highlights the interactions between parties of the exchange, allowing management of the donor to develop strategies and manage their donor more efficiently and effectively, which in turn should improve customer satisfaction. In the case of non-profits donor satisfaction should maintain loyalty (i.e. regular donations) and potentially increase donations.

As is suggested in the literature nonprofits must consider customers, employees and systems (Zeithaml and Bitner 2000). Blueprinting can assist the non-profit donor in understanding customer needs and motivations for giving. The level of involvement or contact the customer (donor/volunteer) has with the donor, the greater the emphasis on the servicescapes (i.e. evidence) may be needed. Blueprinting can also assist organizations in ensuring staff understand how to deal with different segments of donors. This is especially complex if the organization extensively uses volunteers, as they are both donors (of their time) and part of the service donor process (McCurley and Lynch 1994), hence they may be more difficult to manage than paid employees.

Lastly, blueprinting can be used by non-profits to identify how the various activities are integrated across the service process. In this way it ensures that organizations not only understand donor needs and organisational capabilities, but how these interact to develop ongoing relationships that generate essential inputs necessary for the ongoing operation of the non-profit donor.
Systematic research is required in this area. There is limited examination of how non-profit organizations manage the donation service exchange. The professional literature suggests that this is not effectively coordinated within non-profit organizations, and thus it is likely that processes such as blueprinting will improve outcomes for non-profits. The implications of effectively designed donation service experiences have also not been examined. Thus future research could consider causal relationships between the donation service experience with donors' attitudes towards the non-profit (i.e. loyalty) and the impact on their overall lifetime donation (i.e. repeat purchase intention).

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RELATIONAL MARKETING STRATEGY IN CORPORATE CHAINS-BCR'S ' CUSTOMER SPECIFIC MARKETING'

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ABSTRACT

The author investigates how a Swedish grocery corporate chain integrates centralized and decentralized chain management functions and marketing activities in applying the 'Customer Specific Marketing' as a marketing tool. It will be examined with emphasis on its theoretical and managerial implications for relationship marketing in business-to-consumer relationships (BCR's). A conceptual model of corporate chain relationships has been developed and the model illustrates the external and internal business relationships of corporate chains in a relationship marketing context.

RESEARCH PROBLEM

The European retailing sector has, during the last years, been expanding and restruc-tured in many ways. Mostly through the entrance of new players in the competition, like the American corporate chain Wal-Mart, or mergers and acquisitions, like the Dutch company Ahold's joint-venture with the Swedish chain ICA. The leading grocery corporate chains have shown an expansion in activities and volumes based on increasing labor as well as capital productivity. One of the factors that explain the restructuring of the leading grocery corporate chains has been the ability to change and adapt to the environment in terms of authorities, consumers, competitors or suppliers, (Dupuis and Dawson, 1999).

The grocery corporate chains have changed from being passive distributors for suppliers to becoming more active and independent companies – 'the new style retailers' (Sheth and Sisodia, 1998). The new role has dramatically influenced the balance of power between the leading retail grocery chains and the suppliers of consumer goods in the BCR's. Stern and El-Ansary have called the shifting balance of power in favor of the retail chains "Power retailing" (1998, p. 58).

The shifting balance of power has been an important driving force of changing marketing management practice of the grocery corporate chains. The challenge is dual, i.e., to develop and manage the central management functions emphasizing low transaction costs and economies of scale while operating the decentralized store network with emphasis on customer relationships and store marketing, (Dupuis-Dawson, 1999).

The developments have led some researchers to re-examine the relationship between the grocery corporate chains and the manufacturers in the business-to-business relationships (BBR's) and the BCR's. Traditionally, co-operation and partnerships have characterized the BBR's in distribution and marketing channels. Corstjens and Corstjens have expressed that "Co-operation between retailers and manufacturers is possible in some areas, but fundamentally their interests conflict. Both are seeking to control the same scarce resources: mind-space (the consumers) and shelf-space (the shops). Partnership, if it is to be called that, needs to be sought from a position of strength: affecting the balance of power is a major aim of marketing strategy, for both retailers and manufacturers" (1999, p. 5).

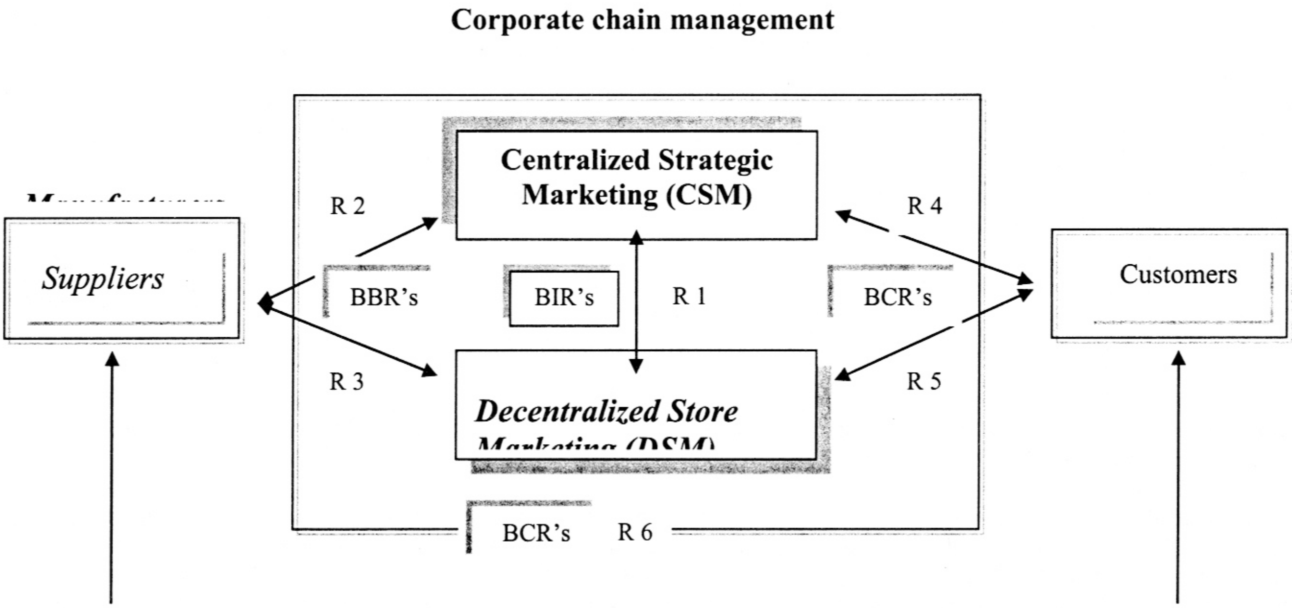
The perspective of the grocery corporate chains has been the point of departure in analyzing the relationship marketing problem in the BCR's.

RESEARCH FRAMEWORK

In order to develop a better understanding of the theoretical foundation of retail corporate chain managerial practices, the RM approach was adopted. The impetus of this approach has been suggested by Corstjens and Corstjens who think that "In a climate where retailers want to influence consumers and gain mind space, marketing theory concentrating exclusively on the relationship between manufacturer and consumer is just plain wrong. Manufacturers now have to treat the retailer as a player with objectives and preferences, as important as, sometimes more important than, the end consumer..." (1999, p. 10).

A conceptual model of corporate chain relationships has been developed in figure 1. The model illustrates the external and internal business relationships of a corporate chain in a relationship marketing context.

Figure 1 The internal and external business relationships of a corporate chain



Source: The model has been further elaborated from Hultén and Ossiansson (1999, p. 71), and Hultén (2002).

The business internal relationships (BIR's) between the centralized strategic marketing (CSM) and the decentralized store marketing (DSM) are illustrated in R 1. The relationships concern e.g. internal marketing activities as category management, logistics, retail brands, store design or store management.

The external relationships between the centralized strategic marketing (CSM) and the suppliers in BBR's are illustrated in R 2. The relationships concern e.g. business negotiations, purchasing and supply of goods and services through supply chain management as well as co-operating marketing activities with the manufacturers.

The external relationships between the decentralized store marketing (DSM) and the suppliers in BBR's are illustrated in R 3. The relationships concern e.g. physical distribution as well as in-store marketing activities with the manufacturers.

The external relationships between the centralized strategic marketing (CSM) and the customers in BCR's are illustrated in R 4. The relationships concern e.g. chain branding, loyalty programs or on-line marketing as well as mass marketing activities as advertising or direct marketing.

The external relationships between the decentralized store marketing (DSM) and the customers in BCR's are illustrated in R 5. The relationships concern e.g. interactive store marketing activities and mass marketing activities as advertising or direct marketing.

Finally, the external relationships between the manufacturers (the suppliers of corporate chains) and the consumers (the customers of retail chains) in BCR's are illustrated in R 6. The relationships concern e.g. branding and mass marketing activities as advertising or on-line marketing to the consumers.

THEORETICAL FOUNDATIONS

The concept of relationship marketing (RM) has been established across different areas of marketing in BBR's as well as in BCR's (O'Malley and Tynan, 2000).

The concept of RM has been suggested to serve as a generic context for all marketing transactions concerning products or services, consumer or industrial (Mattsson, 1997).

RM has now been considered to be a suitable strategy also in mass consumer markets (Christy et al., 1996; Sheth and Parvatiyar, 1995). It has, for a long time, been evident that the transaction marketing (TM) model has no longer been viewed as suitable to handle a complex marketing world.

One of the major arguments has been that the TM-model was based mostly on short-term economic transactions as well as quantitative methods and measures. Through the TM-model customers have been treated as anonymous as well as being possible to manipulate on a short term basis. Transaction marketing has, also, been mostly concerned with attracting and creating new customers.

In contrast, relationship development over time between suppliers and customers has been seen as important. One of the major reasons for this shift has been the growing insight that the RM-concept – in comparison with the TM-model – has been based on co-production and co-operation with the customers where shared value has been a key objective (Voss and Voss, 1997, Gordon, 1998).

The customer-supplier relationship has, for that reason, been seen as the core issue of the RM-concept and across the whole marketing discipline (Möller and Halinen, 2000, p. 31).

Brodie et al (1997) have been presenting the marketing strategy continuum hypotheses and a conclusion saying that both transactional marketing and relational marketing can coexist. In the marketing continuum model, RM has to be placed at one end and the focus has to be long term on building relationships with customers. At the other end of the marketing continuum model, TM has to be placed and the focus has to be short term on one transaction each time.

The authors have, also, with reference to the marketing strategy continuum hypotheses - been suggesting that there may be four types of marketing in practice. A distinction has been made between TM and RM in terms of database marketing, interactive marketing and network marketing.

The TM/RM-continuum hypotheses has been an important theoretical notion in this research in explaining the use of relational marketing strategies in grocery corporate chain's marketing practices.

The academic debate has, for a long time, been penetrating the issue of a RM-context. One contribution to the debate has been that transaction marketing (TM) and relationship marketing (RM) are two separate approaches. But, the two approaches can, also, coexist within the same marketing paradigm from a postmodern marketing perspective, Hultén (2002).

A conclusion has been that if the two approaches can coexist, RM should not only be considered as a replacement for TM. Instead, a RM-context has to mean another perspective in marketing (Egan, 2001, p. 76).

RESEARCH AIM AND METHOD

The RM-context as a new perspective has been a methodological starting point in the conducted study and it could be a "helpful perspective", (Gummesson, 1995, p. 8).

The conceptual model in figure 1 has its theoretical base in different concepts and approaches originating from industrial, service as well as consumer goods marketing.

The chosen methodology in this research is eclectic and it draws on the various interpretations of the RM-concept. For data collection, the case study method has been used following Yin (1984).

The empirical work has been based on three case studies and personal interviews with the management teams of the Swedish retail grocery chains, Axfood, Coop and ICA Ahold. The case studies were conducted during the years 2000 and 2001.

The empirical results presented have been chosen from the case study of ICA Ahold.

RESEARCH FINDINGS

During the 1960's and at the beginning of the 1970's the character of the marketing of ICA focused partly the activities of the stores, partly the store manager and the employee's relationships to the customers. In general, personal relationships have been developed to the customers and the store has been viewed as the link to the suppliers.

In the middle of the 1970's, ICA introduced cooperating marketing activities (CMA) and started to distribute leaflets to the Swedish households. In the early days, advertising in local daily newspapers was the most common activity with regard to the local stores.

The idea of a customer card developed at the end of the 1980's. In the middle of the 1990's, this new tool was introduced as a way to improve the strategic marketing of ICA. In the direct marketing, the tool was of help and used for sending invoices, coupon letters and invitations as a way to create and strengthen the relationships to the customers.

Historically, ICA has been very successful (in terms of market shares and sale) with the traditional mass marketing through the use of advertisements, leaflets and coupon letters. These messages have been delivered to the large mass of the people in a one-way communication process. The problem has been that it does not consider the question to whether the individual customer has been a good or bad customer in terms of profitability or sale. No store manager has known how much the customers have bought, when they have bought or how often they have bought. A negative effect has been that the traffic (in terms of number of customers) in the stores has been focused, but, also, that good customers have received the same offerings as bad customers. The good customers have perhaps been dissatisfied with e.g. long cash queues, products out of stock or lack of personal relationships in the stores.

At the end of the 1990's ICA started to question the traditional mass marketing and was looking for an alternative way to develop a new customer strategy. ICA has chosen to develop a loyalty program based on the tool 'Customer Specific Marketing'. The tool has had its practical background in American supermarkets described in books e.g. Woolf (1996) and Hawkins (1999). The two basic principles behind the tool have been that all customers have not been equal and that behavior had followed rewards. The mentioned authors have argued against the traditional mass marketing model with emphasis on treating all the customers as equal as well as in the same way. Instead, the authors have argued in favor of a differentiation of the customers with respect to the fact that customers have never been equal in e.g. attitudes, behavior or purchase activities.

ICA has seen the tool 'Customer Specific Marketing' as a way to build a relational marketing strategy, mainly, in emphasizing the store marketing activities. The aim of the tool has been to increase the purchase of the customers in the store as well as to maintain and develop the long term relationships with the customers.

The primary purpose in introducing the tool 'Customer Specific Marketing' has been to give the store management the possibility to communicate direct to the individual customers. Each store manager has had access to the Intranet 'Slingan' in the computer of the store. It has been developed as the customer database of the store and has in its content, also, different tools as e.g. campaign proposals, customer segment analysis, target groups analysis, different concepts, experiences from earlier campaigns and so on. Each store manager has the advantage finding and knowing e.g the names and the postal addresses of the best as well as the most loyal customers.
As a result of the use of the marketing tool 'Customer Specific Marketing', it has been possible to analyze the customer base of each individual store. A conclusion has been that, in the typical store, 40 percent of the number of the customers corresponds to 90 percent of the turnover. For that reason, ICA has raised the question: "Is it smart to offer all the customers the same rewards?" and the answer has been: "Probably not."

CONCLUSIONS

The study demonstrates how the grocery corporate chain ICA Ahold in the centralised strategic marketing (CSM) in the BIR's R 1 has developed a relational marketing strategy based on implementing the marketing tool 'Customer Specific Marketing'. The TM-model with its emphasis on cooperative marketing activities (CMA) with the suppliers and mass marketing activities in the BBR's R 2 and R 3 as well as in the BCR's R 4 and R 5 did not fulfil the needs of the corporate chain to maintain and strengthen its BCR's in R 4 and R 5.

The introduction of the relational marketing strategy in the decentralised store marketing (DSM) and the BCR's R 5 became obvious with its store marketing focus on individual treatment of the customers. This supports the essence of the concept of RM, i.e., focus upon a flow of new customers and upon keeping the old customer base.

The study has, further, demonstrated how the corporate chain management of ICA Ahold in the centralised strategic marketing, CSM, and decentralised store marketing, DSM, is nowadays characterised by different marketing practices in the BIR's, in the BBR's as well as in the BCR's.

A theoretical conclusion is that the case illustrates how the concept of RM in a grocery corporate chain has its point of departure in both transactional marketing and relational marketing approaches.

Two theoretical implications emerged from the case study. First, the findings support the marketing strategy continuum hypothesis, Brodie et al (1997), and they also support the suggestion that in marketing practice four types of marketing exist.

Second, the findings, also, support Gummesson's (1995) assumption that the concept of RM ought to have its theoretical foundation in one or more of the existing concepts and theories within the marketing discipline.

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DIFFERENTIATION OF RETAILER BRAND BUYERS FROM MANUFACTURER BRAND BUYERS

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ABSTRACT

Today's customer has a tremendous impact on retailer activities and therefore customer is the driving force of changes in retailing . The primary objective of this research is to find out the differences between buyers of retailer and manufacturer brands. Demographic, attitude and behavioral characteristics of consumers were the key variable groups measured in this research. Female consumers preferring store brands were interviewed. Findings indicated that the attitudinal differences between two groups were very significant.

INTRODUCTION

Everything has been changing so rapidly in the competitive markets. Changes in the desires and expectations of consumers are the key drive in this phenomenon. Retailing industry has been renewing and also been restructuring even reinventing itself in this regard. Retailing can be considered as one of the leading industries in this drastic change in the competitive environment. Intense competition and declining profits have led companies to adopt modern technologies (Fensholt 1994). Thus, companies with the help of advanced computer information technologies have become more capable of knowing their customers and their desires, expectations, experiences, satisfactions and reactions. Of course, especially companies in the retailing industry have gained a significant competitive edge because of competitive advantages of marketing information systems and data mining. More and different information sources, of course, have had an important learning effect on the retail organizations. All these had a significant impact on retailers to develop and implement better marketing strategies, tactics and operations which is the key drive in the theory of wheel of retailing (Boone and Kurtz, p.429, 2001).

One of the most commonly implemented marketing strategies of retailers has been the introduction of their own retail brands which are also called private label or store brands. Private label products are defined as consumer products produced by, or on behalf of, retailers and sold under the retailers' own name or trade mark through their own outlets (Baltas 1997). Manufacturers' brand refers to a brand name owned by a manufacturer or other producer. Manufacturer brands, also called national brands. Many large wholesalers and retailers place their own brands on their selves. (Boone and Kurtz, p.402, 2001)

In recent years, the market shares of retailer brands have increased rapidly. Store brands are becoming more important in Western world especially in Europe. The reasons for the growth of retailer brands include; pricing, higher profit margins for retailers, increasing quality of private label products and also increasingly aggressive private label programs by major retailers, consumers attach less importance to national brands, and significant increasing advertising budgets of large retail chains (Ashley 1998, Jan-Benedict, Steenkamp and Dekimpe, 1997). Retailers have intensified their efforts in creating their brands and therefore gaining more competitive edge and more power in the distribution channel to better negotiate with manufacturers (Morton and Zettelmeyer, 2000). Branding decisions have become more vital because new products or product lines were included in the retailers brand line everyday. Questions regarding which products likely to have more success under retailer brands, consumer perceptions and evaluations of these products, consumer purchasing behavior and who buy them and why these products have been preferred, gained great importance (Sethuraman and Cole, 1999; Dunn, Murphy and Skelly, 1986). Answers to these questions certainly help retailers to develop better marketing strategies for developing their own retailer brands.

This research is done on a sample of female customers of four largest hypermarket chains, namely Migros, Carrefour, Continent and Tansaş in Istanbul, Turkey in order to determine the key differences between buyers of retailer and manufacturer brands.

BACKGROUND OF RESEARCH

The strategic role of retailer brands for distributors and especially for retailers has increased in importance throughout the 1990s. Retailer brands provide consumers with a competitive alternative to manufacturer brands. Retailer brands offer lower prices owing to their lower manufacturing costs, inexpensive packaging, minimal advertising and lower overhead costs. For retailers, retailer brands offer an opportunity to increase store traffic and build store loyalty (Dick, Jain and Richardson 1997).

Intense competition between manufacturer and retailer brands can be referred to as a battle of the brands. Reasons for preferring retailer brands cannot be only price advantages or value pricing (Smith and Sinha 2000). But of course, especially in economic stagnation or recession, consumers switched from manufacturer brands to retailer brands because of economic reasons caused by the decline in purchasing power of large consumer groups. When the economy picks up, consumers go back to buying national or manufacturer brands. However the most recent trends show that private label sales are growing faster than national brands and have achieved much higher levels of penetration compared with the recession (Corstjens and Lal 2000). Retailer brand buyers are likely to be more price sensitive than manufacturer brand buyers. In fact, retailer brands have traditionally been marketed on the basis of lower prices. It has also been shown that manufacturer brands are perceived as better quality products than retailer brands (Aggarwal and Cha 1998). Thus, negative economic conditions in many countries around the Globe but especially in emerging economies like Turkey have had a very important effect on the increase in the demand for retailer brands. Having alternative products and/or brand offerings also created a power source for retailers brand in the distribution channels (Webster and Frederic, 2000). In this power switch, better marketing information systems designed and implemented by the retailers, especially by the large multinational retailers, have played a very significant role (Dawson, 2000). There are more value-oriented consumers who become more satisfied by retailer brands. Retailer brands as long as they satisfy their customers at the same time they increase retailers' profitability and store loyalty (Corstjens and Lal 2000). Demographic and individual differences, perceived risk, perceived value for money of consumers can be listed as the reasons for preferring retailer brands in addition to price advantages (Batra and Sinha, 2000). The relation between brand and quality has changed overtime. Retailers have emphasized suitability of their brands for the consumer desires as the key dimension of quality (Dawar and Parker, 1994, Salvador et.all 2002). Therefore, retailers can set their brands quality and brand positioning according to their marketing strategy. These and similar questions can be answered by knowing the buyers of retailers brands, their reasons to buy and the key differences between buyers of retailer brands and manufacturer brands (Richardson,1997).

RESEARCH METHODOLOGY

The main objective of this research is to determine the differences between buyers of retailer brand and manufacturer brands. Therefore the research hypothesizes was set as "buyers of retailer brands can be differentiated from buyers of manufacturer brands". Differences are measured as demographic and attitudinal differences of consumers. Brands are selected from food and cleaning product categories, namely bleaches, detergents, fabric softeners. Research was limited to four major hypermarkets as retailers. Two of four were multinational retail companies, Carrefour, Continent and other two Migros and Tansas were key national retail companies. Using face-to-face interviews, survey was implemented in Istanbul. As retail brand buyers, women were selected as the respondents by using area-sampling method since women were the key deciding and buying agent for the products. Surveyors were the students of senior marketing strategy course of the Faculty of Business Administration at the Istanbul University in the Spring Semester of 2001. The research questionnaire had a total of 19 questions, 6 for demographic characteristics of respondents, 10 for attitudes of respondents toward retailer brands and finally 3 for buying behavior, satisfaction with purchase of respondents. After a pilot study to test the questionnaire on 20 respondents from the faculty staff, necessary changes were made on the questionnaire. Senior students were trained as surveys by the researchers. The surveyors reached a total of 620 female buyers in Istanbul. Because of incomplete and / or inconsistent answers, 94 questionnaires were eliminated and a net 526 questionnaires were used in statistical analyses.

RESEARCH FINDINGS

The demographic data show the median age of respondents is 39. Occupationwise, more than 40 % of the respondents were housewives without any jobs, almost 30 % were civil servants, and 10 % were retired. Income distribution indicates that the main group was middle-income group at about 55 %. Education distribution shows that almost 40 % of the respondents had undergraduate or graduate degrees and the rest had lower grade degrees. More than 75 % of the respondents were married and almost 25 % were unmarried. In terms of family size, average family size was about 4 people in a family, which is the average of Turkish population.

Out of 526 respondents, manufacturer brand buyers were 183, and private label buyers were 343. To be able to determine the differences between two groups and therefore to test the research hypothesis, discriminant analysis which is the most appropriate analysis, was used. Table 1 shows the findings of the discriminant analysis with discriminant function coefficients, Eigenvalues and Wilks' Lambda. Wilks' Lambda value indicates a very significant discriminant function.

The discriminant analysis indicates that buyers of retailer brands were found to be significantly different from the buyers of manufacturer brands in terms of their attitudes toward retailer brands. The key attitudes that differentiate two groups from each other were found to be perceiving store brands as: "not high quality ", " not dependable " and " imitation of other brands " (see Table 2).

Finally, including F tests on Wilks' Lambda values were presented in Table 3. Table 3 indicates that perception of retailers brands being " not high quality ", " related to store ", " not dependable ","imitation of other brands", "low price", " low variety ", and " attractive product presentation " and " heavy promotion " attitudes were the key differentiating attributes between two consumer groups. The first 4 of a total of 8 differentiating attitudes were significant at p =0,00, and rest 4 attitudes were also significant at p =0.01. Only 2 attitudes out of 10 attitudes namely " unattractive product" and "advantageous package" were found to be not significant in differentiating two buyer groups form each other.

Table 4 summarizes the classification function coefficients for buyers and non buyers of store brands. Form the data in Table 4, attitude profiles of two groups can be summarized as in Table 5. Table 5 highlights the key attitudinal differences of two buyer groups comparatively.

Finally, the predictive power of the discriminant analysis was also tested. Classification results of discriminant function indicated 74.4% correct classification of membership of two groups. Since random classification generated only 50% correct group classification, discriminant function classified correctly significantly higher than random classification at p =0.000. Therefore, discriminant function can be used for group membership prediction purposes.

CONCLUSION

This research indicated that there were significant differences between the buyers of store brands and manufacturer brands. Two buyer groups had distinct attitude profiles. Buyers of store brands were found to be; more price conscious, more effected by the store image, more influenced by promotions, more attracted by product presentations in the store, more interested in package advantages. On the other hand, buyers of manufacturers brands were determined to be; more quality oriented, looking for more variety, more affected by original brands, and also more attracted by brands. These results were consisted with the theory, therefore, with researches expectations and research hypothesis. Test on the discriminant function also indicated that the discriminant function has very high predictive power. Marketing managers of retail institution developing their own store brands should be aware of these findings and therefore they must emphasize the distinct advantageous attributes of their brands. And at the meantime, they should also to overcome the key disadvantages of their brands. This first study in Turkey should be followed by new studies using more representative samples and also using more detailed measurements on the attitudes of consumers toward store brands.

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Table 1: Discriminant Analysis,Canonical Discriminant Function Eigenvalues

Function	Eigenvalue	% of Variance	Cumulative%	Canonical Correlation
1	. 319(a)	100. 0	100.0	. 492

Wilks' Lambda

Test of Function(s)	Wilks' Lambda	Chi-square	Df	Sig.
1	.758	139.667	10	. 000

Table 2: Standardized Discriminant Function Coefficient

	Function
	1
Not high quality	. 622
Low price	-. 163
Related to store	-. 121
Low variety	-. 032
Attractive product presentation	-. 214
Unattractive product	-. 231
Advantageous package	-. 087
Not dependable	. 519
Heavy promotion	-. 057
Imitation of other brands	. 031

Table 3: Tests for Group Means

	Wilks' Lambda	F	Sig.
Not high quality	. 834	101.336	. 000
Low price	. 987	6.826	. 009
Related to store	. 976	12.506	. 000
Low variety	. 987	6.862	. 009
Attractive product presentation	. 982	9.271	. 002
Unattractive product	. 998	.872	. 351
Advantageous package	. 995	2.445	. 119
Not dependable	. 853	87.555	. 000
Heavy promotion	. 986	7.350	. 007
Imitation of other brands	. 968	16.854	. 000

Table 4: Classification Function Coefficients

	Buyers	No buyers
Not high quality	1.704	2..542
Low price	2.476	2.265
Related to store	5.408	5.2.28
Low variety	2.729	2.689
Attractive product presentation	4.170	3.912
Unattractive product	3.121	2.848
Advantageous package	. 798	. 689
Not dependable	1.164	1.894
Heavy promotion	3.016	2.944
Imitation of other brands	1..551	1.586

Table 5: Distinct Attitudinal Profiles of Two Groups

Buyers of Store Brands	No Buyers of Store Brands
More price oriented More conscious of store More attracted by product presentations More promotion sensitive Package advantages seeking	More quality oriented More variety seeking Original brand seeking More attracted by brands

THE RELATIONSHIP BETWEEN ENVIRONMENT, EXPORT STRATEGY DEVELOPMENT APPROACHES AND EXPORT PERFORMANCE

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ABSTRACT

Within the export strategy literature most research has focused on the content of the strategy and very little work is available on how export strategies are developed. Several scholars come to the view that modern firms that operate in dynamic and diverse business environments need to rethink the ways they develop their strategies and make the strategy process more adaptable and entrepreneurial. On the basis of this, our research explores the suitability of different export strategy development processes to different business environments. Namely, this paper attempts to establish whether different strategy development approaches lead to higher export performance under different environmental conditions.

Drawing on past research and strategy theory the suitability of four different modes of developing strategies was examined. Specifically, the participative, entrepreneurial, adaptive and simplistic strategy-making modes were investigated. Three environmental conditions are thought to influence the effectiveness of each of these modes: dynamism, hostility and diversity. For example it has been proposed that dynamic and hostile environments favour an entrepreneurial strategy development process. Environmental diversity may necessitate the use of a more adaptive approach to strategy.

On the basis of the above a set of hypotheses specifying the moderating effect of the environment on the effectiveness of each strategy-making mode were formulated and tested using a sample of British exporters. Three dimensions of export performance were measured and used as dependent variables in the analysis: export profitability, export sales growth and overall export performance. Size of the firm was also included in the analysis as a control variable.

Findings support the view that the export strategy-making modes can make a difference to export performance. Specifically, the entrepreneurial strategy-making mode was found to have an impact on export profitability and overall export performance, whereas adaptive strategy-making influences export sales growth. However, these relationships tend to become stronger for firms operating under specific environmental conditions. This suggests that there is no "one best" export strategy-making process. The study revealed that the most appropriate export strategy making process for firms operating in dynamic, hostile, culturally dissimilar and geographically diverse environments is the entrepreneurial approach. Such an approach under these circumstances can increase profitability and is associated with higher overall export performance. On the other hand, for firms that aim for export sales growth and operate in culturally dissimilar environments, the adaptive strategy-making approach seems to be the most appropriate. Hypotheses related to the suitability of simplistic and participative strategy-making approaches under certain environmental conditions were not supported by the findings. Finally, the paper discusses implications of the findings and suggests directions for future research

PROBLEMS OF EXPORT ENTREPRENEURSHIP IN THE SUB-SAHARAN AFRICAN (SSA)COUNTRIES: EVIDENCE FROM NIGERIA

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ABSTRACT

This paper identified problems militating against non-exporters in the Nigeria's informal sector from engaging in active exporting. A 3-Step framework to address these problems is suggested.

INTRODUCTION

Nigeria, like many other SSA countries is facing paradox in her export entrepreneurial trajectory with its concomitant effect on her economic development. Ordinarily, this paradox should not arise owing to the following orthodoxy: Firstly, Nigeria is known to possess large stock of entrepreneurs that have influenced regional trade within and outside the West Coast (Forrest, 1990), and indeed long history of international trade (Hodder and Ukwu, 1969); such *international outlook* represents important determinant of export success (Cunningham and Spigel, 1971; Czikota and Johnson, 1983;Tookey, 1975). Secondly, with over 120million population, about 20% of SSA population, and large deposit of natural resources particularly crude petroleum (the 5th largest exporter of the product in the world), Nigeria has all it takes to venture into rewarding active exporting. In terms of climate, Nigeria has one of the most diversified climatic conditions that could support agricultural production for domestic consumption, and still have enough for export. Despite all these, the level of export is reported to be minimal (Ibeh, 2002). Out of over 25,000 *Registered Exporters* in the Nigeria's non-oil export sector, only a miserable 526 representing 2.08% are *Performing Exporters* (NEPC, 2001). All these are in the face of global integration where national survival depends on the vibrancy of national export. This pitiable situation approximates the situation in most SSA countries. Any plan for Africa's economic development should therefore commence with a groundswell of resolute effort at stimulating Africa's non-exporting entrepreneurs into active exporters. At present they appear to be *in a deep slumber*!

The question waiting for answer remains: What are the factors responsible for the abysmally low level of African export entrepreneurial development? In 1996, Africa's export earning had fallen to an all time low level of 1.5% (UNIDO, 1999). The growing literature on SSA export entrepreneurship has attempted to provide explanations to this question from different perspectives. A *macro economic* slant is well documented (Bigsten *et al.,* 1997; Teal, 1999; Grenier *et al.,* 1999; Morrissey, 1999). Others have proffered *firm level* explanations (Ibeh, 2002; Kuada and Sorensen, 1999; Calof and Viviers, 1995; Marandu, 1995). The present paper intends to contribute in the skimpy literature on Africa's export entrepreneurship through further investigation of *firm level* perspective with particular bias to the perception of export barrier by individual entrepreneur in the Nigeria's non-oil informal sector.

We consider this perspective vital considering the large number of entrepreneurs in this sector that are involved in inward internationalisation. Should they apply less than half of their import-entrepreneurial dexterity on export entrepreneurship, Nigeria's export portfolio would experience tremendous leap. Yet this group of quiescent entrepreneurs appears not to be noticed nor taken into adequate consideration by the nation's public policies on export.

EXPORT ENTREPRENEURSHIP IN CONTEXT

What is today known as Nigeria was an outcome of the 1914 amalgamation of the various protectorates of British government. From the time of the British administration to the point of independence in 1960, emphasis was on civil service employment, and distributive trade. Virtually nothing was done to develop vibrant export entrepreneurial skill among the people. This could as well be an oversight on the part of British government or a deliberately planned policy to keep Nigerians perpetually dependent on British and other advanced countries.

Evidently, Britain – then colonial master, encouraged agriculture and exported (by themselves) the produce in its raw state to facilitate production of consumer goods which were later returned to Nigeria and other British colonies to be sold at obviously higher prices. This accounted for the high proportion of agricultural products in Nigeria's total export during this period. Indeed agricultural products (which represented the bulk of non-oil products in the Nigeria's export portfolio) accounted for 97.3% (1960), 1.4% (1982), and 3.0% (1996) of Nigeria's total export earnings. The Central Bank of Nigeria (CBN) described this scenario thus: "Prior to the oil boom of the 1970s, agriculture was the mainstay of Nigeria's economy. Most of the nation's foreign exchange earnings at that time accrued from the sale of cash crops such as cocoa, groundnuts, rubber, cotton, palm produce, and solid minerals (bauxite, coal, tin, etc)" (Central Bank of Nigeria Annual Report, 2000:57). However, with the emergence of crude oil in the late 1950s, the vibrant non-oil export was allowed to become rancid. "The emergence of crude oil production and exports radically changed the structure of the economy. The oil sector took over as the leading sector of the economy, and overtime, the non-oil sector particularly agricultural production and export became less competitive" (CBN, 2000).

Above situation has critical implications on entrepreneurial development and particularly export entrepreneurship in the country. Firstly, the huge oil revenue found its way into the corrupt bureaucratic process and was diverted into private purse instead of public good. Secondly, entrepreneurial behaviour became stunted as government contracts and serving in the cohort of the ruling class paid off rather than the risky and often time-consuming creative entrepreneurial behaviour. Collaborating this orthodoxy, the World Bank in a recent study concluded that the now dysfunctionally structured Nigerian economy favour public and oil related sector whose main task is "...focussed on appropriating returns from the oil economy while the non-oil and non-public sectors (private entrepreneurship) are either ignored or preyed upon...the disadvantaged sectors often struggle to feed off the margins of the oil industry and, with limited means to improve productive competitiveness (that) are often (left) with little option but to gravitate towards short term trading rather than productive activities" (Business Day / Financial Times, 2002: 37). One direct consequence of all these on the Nigeria's entrepreneurial development is the emergence of mainly *periodic/incremental and continuous/incremental entrepreneurship.* This class of entrepreneurs are at most active and fulfilled with mere distributive activities. At best, they serve as sheer distributive post for foreign consumer goods. Their inclination for outward internationalisation is rather weak and should not be relied upon for that task. Nkamnebe (2002) argued that this class of entrepreneurs could hardly be relied upon as purveyors of economic development. Apparently, weak export entrepreneurship stems from certain barriers which when identified could release the enormous export entrepreneurial potentials hidden in firms and nations.

Accordingly, identifying these barriers to exporting; and particularly studying non-exporters' perception of export barriers has since been recognised as important strategy to promote export initiation and sustenance (Leonidou, 1995). More importantly is the realisation that the perception of exporting problems varies from exporters and non-exporters (Kedia and Chhokar, 1986; Cheong and Chong, 1988).

PREVIOUS RESEARCH

The number of studies in the barriers to African export entrepreneurship has started to grow in the recent time. Many factors have been highlighted! Organizational characteristics have been cited as serious source of poor export behaviour among SSA exporters. According to Ibeh (2003), this problem involves *...firms' relatively weak managerial and technical ability, including internal shortcomings in technological capabilities, firm-specific learning, productivity, technical efficiency, and entrepreneurial skills.* Also, environmental factors have been widely discussed as retardant of export entrepreneurship in the continent (Ezenwe, 1994).

In the mainstream export behaviour literature, such barriers are well documented (for detailed discussion, see: Crick, et al. 1998; Kaleka and Katsikeas, 1995; Leonidou, 1995). Specifically, Kaleka and Katsikeas, (1995) categorized obstacles to exporting into the following groups: *Internal-Domestic Problems* - obstacles a firm experience in a particular domestic market where it operates such as: *lack of qualified export marketing staff in the domestic market; poor organizational structure*; and *excessive attention to domestic market operations.* *Internal-Foreign Problems* - obstacles that restrain exporters in their effort to serve foreign markets such as: *high transport cost;* difficulties arising *from transport infrastructure and facility*; *meeting product specifications of importers*; inability to render *technical support and after sales services; delays and other problems related to remittances*; *limited knowledge of market intelligence*; and *risks and costs associated with foreign market operation.* ***External – Domestic Problems:*** These are external environmental problems experienced within the exporter's home country such as: *complexity of paper work involved in exporting; high cost of capital to finance exports*; *lack of government assistance in overcoming export barriers*; and *lack of attractive export incentives and adequate programmes provided by the government.* ***External – Foreign Problems:*** These are external problems experienced by organisations in their foreign markets such as: *restrictions imposed by foreign government rules and regulations; lack of information about foreign markets; difficulty in making foreign market contacts including intermediaries; intensity of competition in export markets; language and cultural differences; lack of competitive prices; and high value of the domestic currency.*

METHODOLOGY

The study was conducted during last quarter of 2002 in the South Eastern Nigeria – a region in Nigeria noted for its high stock of entrepreneurs and commercial activities (Forrest, 1990). Focused Group Discussion (FGD) was used when the initial plan to use questionnaire failed. FGD has proved useful in studying complex behaviour (Tynan and Drayton, 1988 Greenbaum, 1993), and offer the advantage of speed, flexibility, economy, and rich data generation (Carrigan and Attalla, 2000). A panel of eight (8) was utilized. Generally, a range of 8 to 12 participants in a group has been recommended in the literature (Bellenger et al; 1976; Tynan and Drayton, 1988; Morgan, 1976). None of the group members possesses university education and they were all males. Pigeon-English language and Vernacular were used during the discussion. All the discussants travel from Nigeria to neighbouring countries to buy various goods for re-sale, without exporting to these countries. The discussion centred on problems that preclude them from exporting.

FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

The list of export barriers used in Leonidou (1995) was circulated to all the discussants prior to the session. They were asked to study the list and add any other barriers that they think should be included. During the discussion, effort was made to identify key barriers that have precluded them from exporting despite their exposure to international trade. General opinion tended to converge on the following as the most serious among the listed barriers: lack of information on exportable products with ready markets overseas, fear of tedious export documentation and fiscal measures, prevailing egocentric and ethnocentric tendency against export business, fear of international competition, lack of exporting knowledge and difficulty in obtaining such knowledge, weak infrastructural development, large size of domestic market.

On the whole, the problem of identifying exportable products from Nigeria with ready market overseas was perceived as being the most daunting barrier to export initiation. The first part of the problem – *lack of information on exportable product* may not be surprising due to Nigeria's over dependence on imported products. In addition to eliminating local products from the market, it has also caused untold industry mortality and weakling performance of surviving ones. The most active manufacturing firms are multinationals (MNCs) and indigenous firms with MNCs' collaborations. The primary interest of these classes of firms is on domestic market, therefore are not expected to take exporting seriously. Trade flows among African nations are reportedly low (Nwabuzor and Anyamele, 2002) possibly as a result of MNCs lacklustre attitude to exporting. Yet such exports to geographically and culturally close markets are known stimulator of active exporting (Bilkey and Tesar, 1977). The problem of foreign market identification has been reported widely in the literature (Leonidou, 1995; Tseng and Yu, 1991), its effect is no less prominent in SSA countries were resources for initial market study appear lacking.

The other identified problems *(fear of tedious export documentation and fiscal measures, prevailing egocentric and ethnocentric tendency against export business, fear of international competition, lack of exporting knowledge and difficulty in obtaining such knowledge)* are attitudinal, their possible suppression hinges on the ability to manage cognitive psychology of non-exporters. This somewhat exposes the non-existence of vibrant export education in the region and particularly in Nigeria. The huge *ready-made* revenue from import taxes compel debtor government in this region to pay disproportionate emphasis on import activities. The *juggernaut called globalisation* is not helping matter.

International market competition is considered another serious problem stopping non-exporters from initiating export activities. This, though has emerged in similar study (Leonidou, 1995) and is cited as having overwhelming effect on export initiation. It is widely discussed that non-exporters fear about international competition is derived from the activities of governments in this region who through their behaviour create costly environment that is never conducive for profitable and value driven business operations (Teal, 1999). The problem of poor infrastructure could as well take its bearing from this lackluster attitude of these governments. Apparent huge size of domestic market without corresponding productive bases has turned what ought to be market opportunity into threat for export initiation. This however collaborates the popular view being touted in the literature which situate the apparent untapped but *hidden* massive markets in the SSA countries as: *a bonanza in terms of tremendous growth* (Fellman, 1998); *Africa represents, in many respects, the last frontier to be ignored only at ones competitive peril* (Quelch and Austin, 1993). The positive changing scenarios in SSA markets are well documented (Nwankwo, 2000).

Foregoing discussions have attempted to show that non-exporters in Nigeria are equally facing pertinent problems that directly discourage them from venturing into export business. Evidently, some of these problems are personal and attitudinal, while others are environmental. A framework to transform these non-exporters into active exporters is in order. A 3-Step framework is proposed in Table 1.

Table 1: 3-Step Framework for Export Initiation.

Export Situation	Action Needed to be Performed
No interest for exporting	Identify reasons for anti exporting behaviour
Create export awareness	Develop Programmes for Export Awareness Training potential exporters Mentoring programmes involving trusted and credible role models Creating information flow from the macro environment on a continuous basis
Develop and sustain interest in exporting	Initiating Export Behaviour Government agency attracting unsolicited export order Exporters are guided through the process of exporting

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MEASURING CONSUMER ATTITUDES TOWARDS GAMBLING A FOLLOW-UP STUDY

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ABSTRACT

This study investigates consumer attitudes towards gambling amongst various socio-demographic groups in Port Elizabeth. Results confirm significant differences exist between various groups observed in a previous study regarding attitudes towards gambling.

INTRODUCTION

Gambling has been defined as any form of lawful placement of wager or bet on the outcome of an uncertain event. It induces an element of chance where a person risks anything of value in the hope of gaining profit (Henderson 2000). Two forms of gambling are referred to in the literature viz recreational and compulsive gambling. The former views gambling as recreational fun performed by responsible consumers (Reinecke 2000) while the latter refers to gambling that in various degrees is uncontrollable with potential damaging effects on family, social and work life (Collins and Barr 2000).

Many researchers (Carr 2000, Koenderman 2000, Miller 2001) working in the field regard gambling as socially undesirable behaviour. Consequently most research focuses on the negative impact of gambling on society such as problem gambling. There is a need for a more scientific, objective approach to investigating gambling behaviour (Hope and Harvin 2002).

Despite the fact that gambling has become legalized in South Africa since 1999, little is known about the attitudes and behaviour of the general public towards gambling.

RESEARCH OBJECTIVES

The main objective of this study was to investigate consumer attitudes towards gambling amongst various socio-demographic groups. The study was initiated by the opening of the Boardwalk casino complex in Port Elizabeth which resulted in gambling becoming a topical issue of debate in the local media and amongst the general public.

Hypotheses development

Based on findings of a preliminary study, two general design hypotheses were formulated and tested.
H1 Cultural factors emanating from home language and religion influence gambling attitudes and behaviour.
H2Perceptions and attitudes regarding gambling differ amongst socio-demographic groups in Port Elizabeth.

METHOD

A questionnaire was constructed based on items used in previous studies (Orford 1990, Collins and Barr 2000, Rousseau and Venter 2002) as well as new items derived from the literature on gambling. A five point rating scale as suggested by Malhotra (1999) was used in the study. The questionnaire consisted of 52 items relating to attitudes and perceptions regarding gambling, seven questions relating to the frequency of respondents gambling activities and concluded with measures of several demographic variables.

A multicultural non-profitability convenience sample (N=321) was drawn from the Nelson Mandela metropole. The sample used quotas to include all the important sub-populations based on income in the area. Respondents selected from upper, middle and lower income groups residing in various suburban areas and townships were also representative of the three main languages, Afrikaans English and Xhosa, spoken in the province. Field work was carried out by students of the University of Port Elizabeth. Data analysis employed the computer program BMDP 4M (Frane, Jenrich and Samson 1979) to perform exploratory factor analysis. Descriptive statistics were also calculated as well as analysis of variance to investigate which socio-demographic variables were significantly related to the identified factors.

RESULTS

A five factor solution emerged from the total item sample. The factors were labeled general attitudes, economic motives, hedonic motives, symbolic motives and problem gambling. Significant positive correlations were observed between economic, hedonic, symbolic motives and general attitudes, implying a positive attitude towards gambling. Problem gambling was significantly negatively correlated with economic, hedonic and symbolic motives, suggesting that respondents who are more aware of the dangers of gambling, are less in agreement with the benefits of gambling.

Both hypotheses set, were supported. With regard to the first hypothesis results showed that cultural factors emanating from home language and religion, do influence gambling attitudes and behaviour. Significant differences amongst socio demographic groups (age, income, language, gender) on specific identified factors of gambling were further observed, regarding gambling perceptions and attitudes. This observation supported the second hypothesis.

Findings of the study showed that nearly 45 percent of the sample gambled at least monthly. This may indicate that gambling has become a more acceptable form of recreational activity. Elderly English speaking females in the upper income group were most in agreement about the economic reasons for gambling whilst Xhosa speaking respondents were more skeptical about the economic, hedonic and symbolic motives for gambling and perceived the latter as a potential danger.

CONCLUSION

Findings of the study provide guidelines not only for implementing social responsible marketing strategies for the gaming industry, but also for welfare organizations dealing with problem gamblers. Gaming boards should pay more attention to awareness campaigns on responsible gambling and the dangers of addiction to gambling.

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TABLE 1													
Descriptive statistics and correlations													
			Frequency Distribution						Correlations				
Factor	Mean	S.D.	Low		Average		High		1	2	3	4	5
1 Economic Motives	3,21	0,73	69	21,5%	108	33,6%	144	44,9%	-	0,558 **	0,522 **	-0,239 **	0,245 **
2 Hedonic Motives	2,67	0,66	160	49,8%	119	37,1%	42	13,1%	0,558 **	-	0,555 **	-0,131 *	0,176 **
3 Symbolic Motives	3,37	0,70	48	15,0%	103	32,1%	170	53,0%	0,522 **	0,555 **	-	-0,260 **	0,230 **
4 Problem Gambling	1,66	0,58	293	91,3%	24	7,5%	4	1,2%	-0,239 **	-0,131 *	-0,260 **	-	0,208 **
5 General Attitudes	2,75	0,49	112	34,9%	178	55,5%	31	9,7%	0,245 **	0,176 **	0,230 **	0,208 **	-
N = 321									* significant at 95% C,L, (r >= 0,110) ** significant at 99% C,L, (r >= 0,143)				

TABLE 2																
Analysis of variance to determine relationships between Socio-biographic variables and Factors																
		1 Economic Motives			2 Hedonic Motives			3 Symbolic Motives			4 Problem Gambling			5 General Attitudes		
	df	F	p		F	P		F	p		F	p		F	p	
Home Language	2, 301	11,25	0,000	**	6,97	0,001	**	3,25	0,040	*	0,93	0,396		3,47	0,032	*
Age	2, 301	0,73	0,482		0,51	0,600		1,10	0,333		3,69	0,026	*	0,78	0,457	
Gender	1, 301	7,48	0,007	**	2,07	0,151		0,16	0,691		1,92	0,167		0,58	0,446	
Education	2, 301	5,25	0,006	**	0,74	0,479		0,25	0,778		2,10	0,125		4,90	0,008	**
Income	2, 301	3,21	0,042	*	0,50	0,609		2,92	0,056		3,73	0,025	*	0,50	0,608	
Religion	2, 301	4,56	0,011	*	1,96	0,143		4,84	0,009	**	2,28	0,105		1,16	0,316	
		* p < 0,05 ; ** p < 0,01														

TABLE 3												
Results by Gambling, Home Language, Age, Gender, Education, Income, & Religion												
			1 **Economic Motives**		2 **Hedonic Motives**		3 **Symbolic Motives**		4 **Problem Gambling**		5 **General Attitudes**	
	N	**%**	$\overline{X}$	**SD**	$\overline{X}$	**SD**	$\overline{X}$	**SD**	$\overline{X}$	**SD**	$\overline{X}$	**SD**
Gamble												
Never	53	16,5%	3,38a	0,87	3,03a	0,75	3,35	0,69	1,54a	0,64	2,67	0,51
Seldom	124	38,6%	3,29	0,69	2,72b	0,63	3,49	0,65	1,54b	0,49	2,78	0,44
More	144	44,9%	3,08c	0,69	2,51c	0,60	3,28	0,73	1,80c	0,59	2,76	0,53
			ac		ab,ac,bc				ac,bc			
Language												
English	165	51,4%	3,31a	0,70	2,64a	0,62	3,40	0,69	1,64	0,57	2,75	0,46
Afrikaans	106	33,0%	3,27b	0,75	2,85b	0,73	3,42	0,71	1,63	0,60	2,68	0,49
Xhosa	42	13,1%	2,68c	0,66	2,40c	0,59	3,12	0,71	1,79	0,59	2,89	0,62
			ac,bc		ab,bc							
Age												
18-30	163	50,8%	3,19	0,66	2,67	0,60	3,40	0,61	1,63a	0,54	2,78	0,49
31-45	73	22,7%	3,07b	0,77	2,57	0,70	3,19b	0,77	1,84b	0,62	2,73	0,55
46+	85	26,5%	3,38c	0,81	2,77	0,75	3,47c	0,77	1,55c	0,58	2,71	0,45
			bc				bc		ab,bc			
Gender												
Male	133	41,4%	3,08a	0,71	2,60	0,69	3,34	0,72	1,72	0,56	2,74	0,50
Female	188	58,6%	3,31b	0,74	2,73	0,64	3,40	0,68	1,61	0,59	2,76	0,49
			ab									
Education												
School	84	26,2%	3,29a	0,73	2,75	0,71	3,39	0,72	1,69	0,66	2,80a	0,56
Coll,/Tech,	100	31,2%	2,99b	0,76	2,57	0,58	3,28	0,70	1,61	0,55	2,63b	0,50
University	137	42,7%	3,33c	0,68	2,71	0,69	3,43	0,68	1,67	0,54	2,82c	0,42
			ab,bc								ab,bc	
Income												
<=R1000	56	17,4%	3,09a	0,73	2,68	0,71	3,44	0,62	1,59	0,49	2,77	0,56
<=R5000	113	35,2%	3,06b	0,78	2,63	0,62	3,24b	0,70	1,78b	0,63	2,72	0,54
R5001+	152	47,4%	3,38c	0,67	2,71	0,69	3,45c	0,71	1,59c	0,55	2,77	0,42
			ac,bc				bc		bc			
Religion												
None	31	9,7%	2,82a	0,76	2,48	0,56	3,01a	0,72	1,90a	0,63	2,63	0,68
Other	17	5,3%	3,28	0,55	2,84	0,58	3,56b	0,81	1,78	0,85	2,88	0,53
Christian	273	85,0%	3,25c	0,73	2,69	0,68	3,40c	0,68	1,62c	0,54	2,76	0,46
			ac				ab, ac		ac			
All	321		3,21	0,73	2,68	0,66	3,37	0,70	1,66	0,58	2,75	0,49
Significant differences (post-hoc Scheffé tests) p<0,05 indicated by lower case letters												

A DEMOGRAPHIC PERSPECTIVE ON US CONSUMERS' OUT-OF-TOWN VACATIONING AND COMMERCIAL LODGING USAGE WHILE ON VACATION

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ABSTRACT

This study reports on a twenty-four-month series of national measurements of usage for both out-of-town vacations and vacation commercial lodging services. The portion of consumers who reported taking an out-of-town vacation in the last twelve months was 59.43 per cent. Of these out-of-town vacationers, 59.63 per cent reported using commercial lodging while on vacation. Logistic regression modeling offered insights into demographic patterns characterizing out-of-town vacation usage and vacation commercial lodging usage across demographic groups in the US. The income variable was the most influential independent variable in each model.

WHAT HAPPENS AFTER ADOLESCENTS LEAVE HOME? THE DEVELOPMENT OF YOUNG ADULTS' BRAND PURCHASING PATTERNS: THE CASE OF COLLEGE STUDENTS

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ABSTRACT

Previous research in consumer socialization and intergenerational influence (IGI) has focused on either the period of childhood or adulthood, little insight has been provided to the transition of the two periods. Using a qualitative in-depth interview method, this study reports findings on the development of young adults' brand purchasing patterns after they leave home for the first time. In this study, not only a prior themes consistent with literature are confirmed, but also revealed some important themes and concepts, such as parents' role as resocialization agent, which hasn't been noted in the literature.

INTRODUCTION

There has been an increasing attention to adolescents' consumer behavior from both marketing practitioners and academics in recent years. Adolescents comprise a lucrative market for consumer goods and consumption experiences will affect their patterns of adult consumer behavior (Guest, 1955). Therefore, by making friends with adolescents, marketers may have customers for life. From a socialization perspective, adolescence is a crucial period and a tense juncture between past dependency on parents and future independence (Campbell, 1975). The transition from dependent to independent individuals becomes the most intense when adolescents leave home for the first time. Despite the importance of this time period, little is known as to how the changes impact adolescents' consumer behaviors and how these adolescents become and behave as independent consumers. Since previous research from consumer socialization and intergenerational influence (IGI) perspective has focused on either the period of childhood or adulthood, little insight has been provided to the transition of the two periods and the continuous and dynamic nature of young people's consumer behavior seems to be overlooked in the literature. Therefore, the purpose of this study is to address the gaps in the literature and develop a framework to understand the process by which young adults develop their brand purchasing patterns after they leave home.

BACKGROUND AND A PRIORI THEMES

Consumer activities of adolescents and young adults are primarily studied in consumer socialization (see John, 1999 for a review) and intergenerational influence (IGI) (Shah and Mittal, 1997; Moore et al., 2002) research. Reviewing this literature revealed some important themes and factors and that are potentially relevant to the development of young adults' brand purchasing patterns.

The following themes can be drawn based on the review of the relevant literature: (1) the relative influence of family/parents will decrease and the relative influence of peer and media will increase as adolescents leave home; (2) Adolescents' previous experience in family decision making will ease the development of their brand purchasing patterns after they leave home; (3) the development of young adults' brand purchasing patterns will differ by product; and (4) the development of young adults' brand purchasing patterns will differ by gender.

RESEARCH QUESTIONS

The basic purpose of this study is to learn more about the nature and the process of young adults' brand purchasing pattern development after they leave home. Although the literature offers some a priori themes in related contexts, it does not provide the insights on the specific context in this study. The following research questions are posed for this study:

1) How do the lifestyle changes have an impact on young adults' development of brand purchasing patterns after they leave home?
2) What factors influence the development of young adults' brand purchasing patterns and what are the different types of young adults' brand purchasing patterns?
3) How does the development of young adults' brand purchasing patterns differ by product type and gender?

RESEARCH METHODS

A qualitative, unstructured, in-depth interview method is used in the study. The sample consists of 6 high school seniors from a private school in the Southeastern region and 6 college students from a Southeastern university. The reason that I interviewed both high school and college students is to find out the differences between the two groups that pertain to the various changes young adults experience when they leave home. A profile of the 12 respondents is shown in table 1. Three product categories are used in the study: food, toiletries and clothing. A coding procedure suggested by Strauss and Corbin (1998) was followed. The author and another independent coder coded the data.

FINDINGS AND DISCUSSIONS

The interviews provided a rich set of findings into the nature of young adults' brand purchasing pattern (BPP) development after they leave home. Some have been noted in the literature and consistent with the a priori themes identified earlier, and others have not previously identified. The findings are organized into a framework, as shown in Figure 1.

There involves many lifestyle changes when adolescents leave home for the first time. Being more independent and take more responsibilities were most mentioned changes by the respondents. Most respondents also talked about how they "have more money concerns", "have to budget more" "have to shop independently more often" after they came to college. They also mentioned being around with peers and meeting new people as the most exciting change. As it turned out, all these changes had impacts on their brand purchasing patterns. Two general types of BPP were emerged from the interviews. Some young adults switch because they are more money conscious, or want to experiment different things or simply for fun. Others stay with the same brands overtime for the performance of the product, low involvement with the product, familiarity with the brand or simply they too lazy to switch.

Different sources of influence on young adults' BPP development were also examined. It was found that family/parents played a very crucial role in shaping young adults' BPP, many of which were consistent with the literature. Parents can influence their adolescents in many ways: family shopping with adolescents, supply products to their grew-ups etc. Parents' influences in many cases are beyond just the brand, such as what to buy, where to buy, and the how to buy. One of most interesting themes emerging from the data that has not been noted from previous literature is the concept of resocialization- a pattern of young adults' relearning effort after they leave home. The developments of young adults' BPP are not always smooth and confusions and frustrations do occur sometimes. As a copping strategy, these young adults run to their parents to seek answers. More often, the distance put between them servers as a reinforcing mechanism in some sense. That is, only after these young adults leave home and live on their own do they start to really understand the role of their parents. The resocialization concept deserves more attention and needs more research in the future. One of the most striking changes as young adults leave their home involves the new people who will help shape their daily living. The data showed that the new influencer, such as roommates, boy/girlfriend, had some important influence on young adults' development of BPP. Other sources of influence including media, school and previous work experience were also identified in this study. Finally, the impact of product type and gender on young adults' BPP development was also confirmed in the study.

Limitations of this study also exist. First, the findings may be biased in someway by the cross-sectional approach. Ideally, a longitudinal study by interviewing the same individuals during different period of time (e.g. before college, shortly after getting in college, and a longer time after getting in college) will provide much more accurate and insightful data to the research. Second, findings may be biased by the sample used in the study since all college students are from the same region of the country and all high school respondents are from the same private school where most of the students have relatively wealthy family background. Finally, the following research directions are highlighted:

1) More research needs to be done to examine the resocialization concept: how is it different from socialization and what are the antecedents and consequences.
2) Further research is needed to examine the effect of family structure and family type on young adults' development of BPP.
3) The moderating role of product type and gender needs to be further examined and validated in the future research.

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Table 1: Profile of Respondents

Respondent ID	Gender	Age	School/class level
H1	Male	17	High school senior
H2	Male	18	High school senior
H3	Male	17	High school senior
H4	Female	17	High school senior
H5	Female	18	High school senior
H6	Female	17	High school senior
C1	Male	18	College freshman
C2	Male	25	College senior
C3	Male	22	College senior
C4	Male	21	College junior
C5	Female	18	College freshman
C6	Female	21	College senior

Figure 1

A Framework for Understanding the Development of Young Adults' Brand Purchasing Patterns (BPP)

New Life Bring Changes

- More responsibility
- More exposure to peers
- More concern for money and budgeting
- Purchase become a "have to"
- Other changes (e.g. Eating habits; new marketplace experience)

Types of BPP

- *Switch*
  -Money Concern
  -Experimentation
  -Shopping style /fun
  -Other concerns (e.g. health)

- *Same brand over time*
  - Familiarity
  - Performance
  - Inertia, low involvement

Sources of Influence on BPP: family vs. others

- *The role of family/parents*
  -Household shopping participation
  -Parents as product supplier
  -Parents' influence beyond brand
  -Parents as resocialization agent
  -children's susceptibility to parents

- *Other sources of influence*
  -Peers, roommate, girl/boyfriend
  -Mass Media
  -School/teacher
  -Others

Product type and gender effect on BPP

Product type

- *Food*
  -Stable overtime;
  -more influence from parents than peers

- *Toiletries*
  -Experimentations;
  -May be influenced by multiple sources

- *Clothing*
  -It's more about "shopping" and shopping style

Gender

Difference especially in clothing:

- Male: shop based on need; with mom or by self.
- Female: shop for enjoyment & fun; more frequent; with friends, mom or by self

CONSUMER ETHICS OF MINORITIES

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ABSTRACT

This study uses Muncy-Vitell questionnaire (MVQ) to explore the consumer ethics of African American consumers. MVQ consists of four dimensions: illegal, active, passive and no harm. This research compares the consumer ethics of African American consumers with various national and international groups along the four dimensions of MVQ. 283 students from a historically black university participated in the study. The results show that African American ethics are comparable to other consumers from various cultures and subcultures.

INTRODUCTION

Marketers can no longer ignore the stunning diversity of cultures that are reshaping the American society. The Federal Census Bureau (2000) projected that minorities share of the U.S. population will increase from 28 percent in 1999 to 47 percent in 2050. Ethnic minorities now spend over $900 billion a year on products and services (Raymond 2001). Ethnic or racial subculture consists of "a self-perpetuating group of consumers who are held together by common cultural and/or genetic ties, and is identified both by its members and by others as being a distinguishable category" (Solomon 2000, p. 438). Subcultures possess powerful stereotypes. Usually, members of subcultures are assumed to own certain traits, even though these assumptions are often erroneous.
Sturdivant (1981) concluded that studies of minorities' consumption patterns have been limited in coverage and largely superficial. In addition, this study found past research that explored ethics of subjects from different subcultures was limited in quantity and not consistent. Some research found that members of different subcultures have different ethical beliefs. Tat (1981) found that the ethical perceptions of black subjects were different from the ethical perceptions of white subjects. Sarwono, and Armstrong (2001) found significant differences among three Indonesian micro-cultures (Javanese, Batak, and Indonesian-Chinese) relative to their ethical perceptions. Other research found that members of different micro-cultures have similar ethical beliefs. Tsalikis and Nwachukwu (1988) found that the ethical beliefs of black and white business students quite similar. For this, exploration of subculture's consumer ethics is worthwhile.

African-Americans comprise a significant racial subculture and account for 36.4 million, approximately 12.9% of the total U.S. population. African American minority is a fast growing minority. For example, since April 1, 1990, the African American population has increased by 5.0 million people or 16 percent while the total U.S. population has grown 11 percent. African Americans are younger than the American population. For example, African American population in 2000 was five years younger than the U.S. population (Jones and Jackson 2001). The purchasing power of the African American minority was $543 billion in the year of 2000. Last, few marketing studies have been conducted on the African American minority in the U.S. and almost no consumer ethics research has explored the African American subculture. The main goal of this research is to explore the consumer ethics of the African Americans using the MVQ which established by Muncy and Vitell (1992).

CONSUMER ETHICS

Direct concerns in business ethics started appearing in scientific literature during the 1920s (Bartels 1967). Bartels (1967:21) defined ethics as "a standard by which business action may be judged "right or wrong." Culture is recognized as one of the most important variables influencing ethical decision making (Singhapakdi et al. 1994). Differences in consumer ethics reflect cultural variation (England 1975), that is, differences in the collective programming of the mind that distinguishes one culture from another (Hofstede 1991). Standards differ from one culture to another, and so actions regarded as "right" by one culture may be in conflict with and judged unethical from the standpoint of another culture (Bartels 1967; Armstrong and Sweeney 1994). Culture is the general framework "within" which all other variables interact to shape the general trends in consumers' ethical behavior. So, the research of ethics of consumers from various subcultures is timely and needed.

Many studies used Muncy-Vitell questionnaire to explore the ethics of various groups (e.g., Al-Khatib et al. 1995; Al-Khatib et al. 1997; Erffmeyer et al. 1999; Kenhove et al. 2001; Rawwas 1996; Rawwas et al.1994; Rawwas et al. 1995). Some research used the MVQ to compare the ethical beliefs of consumers from two or more countries, for example, Al-Khatib et al. (1997) used MVQ to explore the ethics of American and Egyptian consumers. Rawwas et al. (1994) applied MVQ to consumers from Egypt and Lebanon; and Rawwas et al. (1995) used it with consumers from Hong Kong and North Ireland. Other research used MVQ to explore the ethical beliefs of consumers from one country or one culture (e.g., Al-Khatib et al. 1995; Erffmeyer et al. 1999; Kenhove et al. 2001; Rawwas 1996). Al-Khatib et al. (1995) used MVQ to explore the ethical perceptions of Egyptian consumers. Erffmeyer et al. (1999) investigated ethical perceptions of Japanese consumers. Kenhove et al. (2001) explored the ethical beliefs of Belgian consumers. Rawwas (1996) investigated the ethical beliefs of Austrian consumers. This paper did not find any research that used MVQ to explore the ethics of a single micro-culture (e.g., African Americans).

METHODOLOGY

The sample consisted initially of 300 students of an urban Historically Black University in the southern part of the United States. After, correcting for an exclusive African American sample, 283 responses were obtained (94% of the initial target). Most of the participants were females (59%). The sample was very young with an average age of 21.87 years. Over one third (34.2%) of participants had a household income of less than $14,999, 24.5 percent had an income of $15,000 to $29,999, 27.3 percent had an income of $30,000 to $59,999, and 14 percent had income of over $60,000.

A one-page survey was administered to respondents. The instrument consisted of two major parts. The first part of the survey, Muncy-Vitell Questionnaire (MVQ) presented the participants with a set of situations that may have ethical content. The second part of the survey explored the demographics of the participants. MVQ was used to measure consumers' beliefs regarding 22 consumer statements that have potential ethical implications. This questionnaire was developed by Muncy and Vitell (1992) and it has been used in various studies since (e.g., Rawwas, Vitell and Al-Khatib 1994; Al-Khatib et al. 1995; Al-Khatib et al. 1997; Erffmeyer et al. 1999; Kenhove et al. 2001; Rawwas 1996; Rawwas et al.1994; Rawwas et al. 1995). The 22 statements have been derived to cover the domain of ethical judgments faced by consumers. Responses to MVQ statements were coded so that a high score indicates low ethical beliefs and low score indicates high ethical beliefs. A five point Likert scale with descriptive anchors ranging from "strongly believe that it is wrong" (coded 1), to "strongly believe that it is not wrong" (coded 5).

The MVQ is categorized along four dimensions (Muncy and Vitell 1992). The first dimension is "actively benefiting from illegal activities" (LEGAL). Actions in this dimension are initiated by consumers and are either illegal or likely to be perceived as illegal by most consumers (e.g., changing price tags on merchandise in a store). The coefficient alpha for the LEGAL dimension was 0.83. The second dimension, "actively benefiting from questionable activities" (ACTIVE), is also where the consumer initiates the action. Any way, these actions are not as likely to be perceived as illegal, but are still morally questionable (e.g., stretching the truth on an income tax return). The coefficient alpha for the ACTIVE dimension was 0.82. The third dimension, "passively benefiting from questionable activities" (PASV), is where consumers benefit from a sellers mistakes rather than their own actions (e.g., getting too much change and not saying anything). The coefficient alpha for the PASV dimension was 0.80. Finally, the fourth dimension is "no harm/indirect harm questionable activities" (NOHARM). These are actions that most consumers perceive as not resulting in any harm and, therefore, many consumers perceive them as acceptable actions (e.g., copying and using computer software that you did not buy). The coefficient alpha for the NOHARM dimension was 0.78. Cronbach alpha coefficients suggest that the four dimensions are internally consistent.

RESULTS

As mentioned above, the MVQ is categorized along four dimensions. The first dimension is "actively benefiting from illegal activities" (LEGAL). Actions in this dimension are initiated by consumers and are either illegal or likely to be perceived as illegal by most consumers. African Americans overwhelmingly believed that these activities were unethical. The mean of the five items was 1.97, with 1 corresponding to most ethical and 5 to least ethical. These activities were slightly more acceptable to African Americans than to Belgians (Knhove et al. 2001); Chinese from Hong Kong (Chan et al. 1998), Austrians (Rawwas 1996); Egyptians (Al-Khatib et al. 1997 and Rawwas et al. 1994); Lebanese (Rawwas et al. 1994); and other American groups (Al-Khatib et al. 1997). For example, the mean for the same items in Kehnhove et al (2001) study was 1.76, indicating that these activities are more acceptable to African American consumers than they are to Belgian consumers (See table 1 for the mean of illegal activities from other studies).

The second dimension, "actively benefiting from questionable activities" (ACTIVE), is also where the consumer initiates the action. These actions are not as likely to be perceived as illegal, but are still morally questionable. The mean for the seven items of this factor was 2.24. Table 1 indicates that African American consumers view these activities somewhat more unacceptable than do Belgian (Kenhove et al. 2001); Chinese (Hong Kong) (Chan et al. 1998); and Austrian consumers (Rawwas 1996). On the other hand, consumers from Egypt, U.S. and Lebanon viewed these activities as more unacceptable than African American consumers (Al-Khatib et al. 1997; and Rawwas et al. 1994).

The third dimension, "passively benefiting from questionable activities" (PASV), is where consumers benefit from sellers mistakes rather than their own actions. The mean for the five items of this factor was 2.5. Table 1 shows that African American consumers found these activities less acceptable than Belgian (Knhove et al. 2001); and Austrian consumers (Rawwas 1996). Chinese (Hong Kong), Egyptian, Lebanese and American consumers found these activities less acceptable than African American consumers (Chan et al. 1998 Al-Khatib et al. 1997; and Rawwas et al. 1994).

Finally, the fourth dimension is "no harm/indirect harm questionable activities" (NOHARM). These are actions that most consumers perceive as not resulting in any harm and, therefore, many consumers perceive them as acceptable actions. The mean for the five items of this factor was 3.15. African American consumers rejected these activities more than Belgian (Kenhove et al. 2001), Chinese (Hong Kong) (Chan et al. 1998), Austrian (Rawwas 1996), and Egyptian consumers (Al-Khatib et al. 1997; and Rawwas et al. 1994). Lebanese consumers (Rawwas et al. 1994) found these activities more unacceptable than African Americans.

IMPLICATIONS AND CONCLUSIONS

The main goal of this research was to explore the consumer ethics of the African American minority using the MVQ which developed by Muncy and Vitell (1992). England (1975) concluded that people brought up in different cultures hold different values and ethical beliefs. In general, results show that African Americans believed that illegal, active, passive and no harm activities were unethical. In comparison to other groups this study found the following: illegal activities were slightly more acceptable to African Americans than to Belgains; Chinese from Hong Kong, Austrians; Egyptians; Lebanese; and other American groups (Knhove et al. 2001; Al-Khatib et al. 1997; Chan et al. 1998; Rawwas 1996; Rawwas et al. 1994). African American consumers viewed active questionable activities somewhat more unacceptable than did Belgian; Chinese (Hong Kong); and Austrian consumers (Kenhove et al. 2001; Chan et al. 1998; Rawwas 1996). On the other hand, consumers from Egypt, U.S. and Lebanon viewed these activities as more unacceptable than African American consumers (Al-Khatib et al. 1997; and Rawwas et al. 1994). African American consumers found passive activities less acceptable than Belgian; and Austrian consumers (Knhove et al. 2001; Rawwas 1996). Chinese from Hong Kong, Egyptian, Lebanese and American consumers found passive activities less acceptable than African American consumers (Chan et al. 1998 Al-Khatib et al. 1997; and Rawwas et al. 1994). African American consumers rejected these activities more than Belgian (Kenhove et al. 2001), Chinese (Hong Kong) (Chan et al. 1998), Austrian (Rawwas 1996), and Egyptian consumers (Al-Khatib et al. 1997; and Rawwas et al. 1994). Lebanese consumers (Rawwas et al. 1994) found these activities more unacceptable than African Americans. From these results we conclude that African American consumers ethics are comparable to other consumer groups inside and outside the U.S.

Conducting cross-cultural research is particularly challenging, especially in the context of consumer ethical behavior. It is therefore important to consider these challenges and limitations when examining the findings of this study. Perhaps the most important limitation is the possibility of a substantial social desirability bias (Marlowe and Crowne, 1964). Such a bias involves responses that are based not on what the consumer respondent "truly" believes, but on what she/he perceives to be the socially appropriate answer. Steps were taken to check the presence of possible social desirability bias, through the incorporation of the Social Desirability Test (Marlowe and Crowne 1964) into the survey instrument. No significant bias was detected when comparisons were made across demographic categories. However, the possibility of the existence of such a bias should always be considered when the phenomenon being investigated involves sensitive issues, such as consumer ethical behavior.

Another limitation could be the composition of the sample of the study. For that, because of the composition of the sample, the results of this study should be interpreted with the understanding that the sample is representative of university students. Other samples from other African American socio-economic segments are needed to make the results of this study more generalizable.

Extending future research to other minorities inside the U.S. (e.g., Hispanics), and outside the U.S. is important since there is no guarantee that similar results obtained with African Americans would be obtained from other minorities. In fact, cross-cultural literature (Hofstede 1991) suggests that "ethicality and un-ethicality" may have different contents and meanings, as we move from one culture to another. This study made a substantial contribution by exploring the consumer beliefs of a major minority group in the U.S. Although, this research has added to the developing body of consumer ethics knowledge, further future research is still needed on the topic.

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Table 1: Past Results of Muncy-Vitell Questionnaire (MVQ)

Article (year) country	Illegal	Active	Passive	No harm
Current Study	1.97	2.24	2.5	3.15
Al-Khatib et al. (1997) USA(Egypt)	1.18(1.50)	1.68(1.93)	1.50(1.53)	2.84(3.24
Chan, et al. (1998) Chinese (Hong Kong)	1.49	3.71	2.45	3.35
Kenhove et al. (2001) Belgians	1.76	2.63	2.78	3.91
Rawwas (1996) Austrians	1.50	2.30	2.65	3.29
Rawwas et al. (1994) Lebanese (Egyptian)	1.63(1.44)	2.22(1.93)	2.18(1.54)	2.85(3.24)

TENSION IN CO-OPETITION

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ABSTRACT

This paper presents the results of a study dealing with tension in co-opetition . Co-opetition refers to a situation where competitors simultaneously co-operate and compete with each other. Individuals within the two interacting firms have to simultaneously play different and conflicting roles or act in accordance with different logics of interaction (c.f. Bengtsson & Kock 1999). Tension is most assumable inherent in such a relationship, and the purpose for this paper is to provide a conceptual framework for analysing this tension.

INTRODUCTION

Co-opetition (Brandenburger & Nalebuff, 1996) implies that firms interact in rivalry due to conflicting interests and at the same time co-operate due to common interests. Firms have to simultaneously play different and conflicting roles in their interaction with each other, which links clearly to Merton's (1957) concept of 'role set'. Merton (1957) acknowledges that a person's involvement in social relationships also involves a pressure to perform in accordance with different roles, and that these roles together build up a person's role set. Role partners, i.e. people with whom a focal person has contact, develop expectations about the performance of the focal actor, and are thereby a member of the focal actor's role set (c.f. Snock, 1966). The expectations of different role partners need to be attended to and balanced by the focal actor. The different roles are often related to each other, yet the expectations can be very different and even conflicting. These expectations can cause tensions that are problematic for the individual to solve.

Merton's (1957) focus is on the individual, but the role set theory also has implications on the organisational and inter-organisational level. Kahn et al (1964) acknowledge the boundary spanning character of organisations and argue that many members of an organisation are in boundary positions. "A boundary position is one for which some members of the role set are located in a different system – either another unit within the organisation or another organisation entirely." (Kahn et al. 1964 p. 101). The activities of a firm are not limited to the organisational context but rather are integrated with activities of other firms within a larger context. Members of a firm not only interact with co-workers and supervisors within the organisation; they also interact with individuals from other organisations, which means that these individuals are accordingly incorporated in the role-set. If a dyadic co-opetitive relationship is established between firms, the members from both organisations that actively interact with each other, either in co-operation or competition, are consequently included in each others role-sets. In line with Kahn et al. (1964), we argue that an understanding of the inherent tension perceived by individuals in such boundary positions will give an understanding of the nature and challenge of dyadic co-opetitive relationships.

Competing expectations give rise to role conflicts, and Shenkar & Yoram (1992) distinguish between different role conflicts that can exist within a role set. These conflicts can create tension in a dyadic co-opetitive relationship. The first conflict, an intra-partner conflict, arises if a role partner has inconsistent expectations on a role incumbent. The conflict is hence caused by one single role-partner if he/she both expects that the role incumbents will participate in co-operation and competition. The second conflict, an inter-role conflict, arises if a person is involved in many role-sets and the expectations due to one position are inconsistent with expectations associated with another position. The third conflict, an inter-partner conflict, arises when different role partners have different expectations and make incompatible demands on the focal actor. Role conflicts in a dyadic co-opetitive relationship can be of all the three types described.

The two dyadic co-opetitive relationships reported on in this paper differ from each other with regard to the structure of the relationship. The first relationship is reciprocal as both firms compete and co-operate directly with each other on equal terms. The second relationship is multi-polar as other actors in the network to a very large extent can direct and define the competitive part of the relationship. Here, two firms that wish to co-operate with each other are forced to compete with each other as a consequence of the owner structure of the firms, and of their involvement in complex interlocked relationships with customers and suppliers.

RECIPROCAL CO-OPETITION

Two Swedish competitors, Trellex Ltd. and Skega Ltd. were during the 1990th world leaders in mill-lining, and perceived each other as being the strongest competitors within the global arena. They competed actively with each other both in product development and in the market. The firms, however, also co-operated with each other in the development of material and in basic research. The reciprocal co-opetitive relationship between the two firms is illustrated in Figure 1.

Competition was stiff in the two firms' product development. Both Trellex and Skega surveyed the development of their competitors very closely by examining patent applications and through the information they gained from mutual customers. The issue of which company that was actually first to develop a new product or technical solution, and thereby stimulated the other firm to imitate and further develop a similar solution, was full of prestige. Competition was also hard in the marketplace. The two firms tried to out-compete each other at each individual installation of linings, both in Sweden and abroad. The competition can be illustrated by the following quotation by one respondent at Trellex; "When we have taken a customer from Skega, we buy a cake to celebrate".

The co-operative part of the relationship was completely different. Both companies were mutually interested in the results of their mutual development projects. They used each other's laboratories to run mutual development projects in order to lower R&D costs and to gain advantages from combining the unique competencies of each company. Skega and Trellex informed each other continuously about their individual development processes. One of the managers at Skega pointed out that "We have a very good co-operative atmosphere in the material area. Competition and enmity exist only on the market side... We co-finance development projects and have developed a program for our development work... We work with four academic organisations and we often present our results in international journals". Intra-partner conflicts develop because of the boundary positions between units and functions held by different people within the organization. The conflict is directly expressed in the contradicting expectations posed on engineers by top management. Engineers at the development department are both involved in product and material development and hence senior managers expected them both to further develop the material (best done in co-operation with engineers from the competing firm and with actors within the scientific community) and to use the material in the development of products to out-compete the partnering firm. Hence the conflict is not expressed between the two firms but within each firm.

Furthermore managers of the R&D departments participated in two different role sets, which gave rise to inter-role conflicts inter-role conflicts. As managers, they occupied a position both as leader of the firm's material development, as well as a position within the firm's overall strategic management. Two different role sets developed due to these positions, such that co-operation characterised the role set formed around developmental work, whereas competition predominated and permeated (over a long period of time) strategic thinking within each of the two firms' total strategic planning. A role conflict existed due to the inconsistency between these different positions and role sets. Also an inter-partner conflict existed, as the same individuals cooperated with the competitors in the development of materials and with managers within the own firm responsible for the marketing of the products in which the material was used. Material development involved market people as well as engineers, and one important goal for these people were to outdo the development of the competitors. It was important to gather information about the competitor's product and to use it in the development work. Hence, an inter-partner role conflict existed in the role set of the engineers within R&D departments of each firm. The engineers had to attend to both the expectations that existed in their co-operation for material development with their competitor, and to the expectations that marketing people and product developers posed on the engineers.

MULTI-POLAR CO-OPETITION

A multi-polar co-opetitive relationship was established between Rufin Sinar, a German manufacturer of laser sources, and Permanova, a Swedish manufacturer of fibre optics. The two firms develop lasers equipped with fibre optics in co-operation with each other. Both fibre optics and lasers were of strategic importance for the two firms, which led to a strong interdependency between them. The co-operation between the firms did not rest on any formal agreements, but was instead built on personal relations between individuals employed by the two firms, and on informal or implicit rules about how to interact with each other. Cross-wise patents were used to increase bonds between the firms, and to provide at least some degree of stability to the relationship. Consequently, neither of firms had proprietorship of the entire product.

The two firms were not involved in direct competition with each other, yet they sometimes competed indirectly. The competitive part of the relationship was caused by changes in Permanova's owner structure and by Permanova's co-operation with other firms. Pemanova was initially a spin-off from Chalmer's University, but when the firm grew, new owners were added - the Spectra Physics group (an American laser manufacturer and hence one of Rufin Sinars competitors) bought Permanova in 1994. The change in ownership implied that Rufin Sinar co-operated with a firm owned by a competitor. This fact brought some uncertainty to the relationship. Another form of indirect competition is derived from Permanova's development of pre-designed production systems for industrial applications. In these systems, lasers and fibre optics are combined with other equipment such as vacuum boxes, industrial robots, etc. The customers consist of large and powerful industrial firms. Permanova has been involved, for example, in the development of a production system for Volvo's manufacturing of automobiles, and has also been involved in tests of different equipment for Volkswagen. Such customers can, to a considerable extent, determine with whom Permanova should interact and from which firm to buy lasers, fibre, optic, robots, etc. For example, Volkswagen wanted Permanova to test their equipment in its production line but decided that the equipment should be tested with a HAAS laser instead of a Rufin Sinar laser. Another example can be taken from Permanova's co-operation with Volvo, where Volvo chose to install a Trumph laser and Permanovas fibre optics for one production line. This implies that Permanova has been forced by its customers to co-operate and deliver fibre optic systems or parts of the system to Rufin Sinar's competitors, thus giving rise to an indirect competition between the two firms, as illustrated in figure 2.

The intra-partner role conflict in this relationship is expressed not within the firms but within the relationship. Here, a conflict is developed due to Permanova's boundary position between the owner and the partner, and the conflict is potential and/or fictive, rather than direct. During a period of time Spectra physics requested that Permanova should establish a co-operative relationship with two other firms within the group. This ambition was perceived as a threat as Permanova had to act in accordance with the owner's will, whether or not they wanted so to do. It is fictive inasmuch as Permanova desires co-operation rather than competition with Rufin Sinar. The suggested cooperation was never established.

The inter-role conflict in the multi-polar co-opetitive relationship was due to Permanova's interaction with different actors in the value-net. The role set formed due to the interaction with Rufin Sinar was often inconsistent with the role sets formed around interactions with other actors in the value net. All relationships were positive, as the interaction with all role partners was friendly. The role partner is either part of the family (owner), a partner (Rufin, Volvo, etc.) or a complementor (HAAS through the relationship with Volkswagen). A tension arose because the ambition not to harm any relationship through actions undertaken by the firm, and at the same time fulfil expectations posed by 'friends', becomes impossible. Tension thus arose as the relationships were interlocked, forcing the role incumbent to compete indirectly with friends.

The third conflict, the inter-partner conflict was in this relationship indirect. When Permanova, for example, developed a detector to control the protective glass in front of the optical lens, the firm developed one variant together with Rufin Sinar, and when Volkswagen wanted them to co-operate with HAAS they developed another detector for the HAAS installation. It is difficult, however, to separate the development of products that in reality are equal, which gives rise to a potential conflict between HAAS and Rufin Sinars expectations on Permanova and their joint developments.

DISCUSSION

There are a number of issues that arise when reciprocal and multi-polar dyadic relationships are compared and described using role theory. First, *role clarity* seems to differ and impacts the role conflicts that arise in both relationships. The conflicts in the reciprocal relationship were direct and expressed within the organisations, whereas the conflicts in the multi-polar relationship were indirect or potential and expressed within the relationship or within the network.

The roles at the network level were very clear in the reciprocal relationship. A supplier was perceived as a supplier by both organisations and the expectations were clear. Hence, role clarity was high and role conflicts did not appear at the relational or network level. The role clarity for individuals in both organisations was not as clear as the roles that the different firms played. Lack of clarity can explain the inter-partner conflict, the inter-role conflict and the intra-partner conflict, and all of them appeared at the individual level within organisations, rather than in the relationship between individuals from the two competing firms or in the overall network. The role clarity within the multi-polar relationship was different, in that the lack of clarity appeared at the network level. The tension was an indirect effect of the owner structure of the firms and of the relational structure of the network. Actors within the network were linked to the two co-operating firms in different ways. One of the firms competed with the owner, customers or partners of the other firm involved in the relationship. The tension was ambiguous and diffuse as the power to direct the interaction between the two firms was distributed throughout the network. The lack of clarity did not, however, exist at the organisational level, as individuals within both firms were aware of the roles the firm played in relation to other actors. The lack of role clarity in this case arose at the relationship level, as one actor can simultaneously be both a customer and a competitor to the interacting partners. This lack of clarity can explain the character of the intra-partner, inter-role and inter-partner conflict that arose in the multi-polar relationship.

A second issue that arises when the different conflicts are discussed is the *role stability*. Role stability is related to role clarity, in that unstable roles may increase the lack of clarity. Role stability also has certain implications for managing the tension in co-opetitive relationships. The roles in the reciprocal relationship studied here were very stable, and hence the conflicts became permanent. This implies that it is very important to attend to such conflicts in a way that makes it possible for the individuals within each organisation to live with the conflicts and still perform as an entity with common goals and ambitions. The stability of roles was different in the multi-polar relationship. Many roles were unstable, which give rise to temporary conflicts.

A third issue that needs to be discussed is the *role paradox* inherent in co-opetitive relationships. All conflicts are caused by the combination of two simultaneous logics of interaction. The combination of a co-operative and a competitive logic of interaction is a paradox at the individual level in interaction between two persons. Individuals cannot co-operate and compete directly with each other simultaneously. This paradox is however not valid at the organizational level. It is possible to combine the two logics of interaction in actions taken by a firm and thereby to internalise the conflict described above. An organization's interaction in co-operation and in competition must however be divided between individuals to make a combination of the two logics possible.

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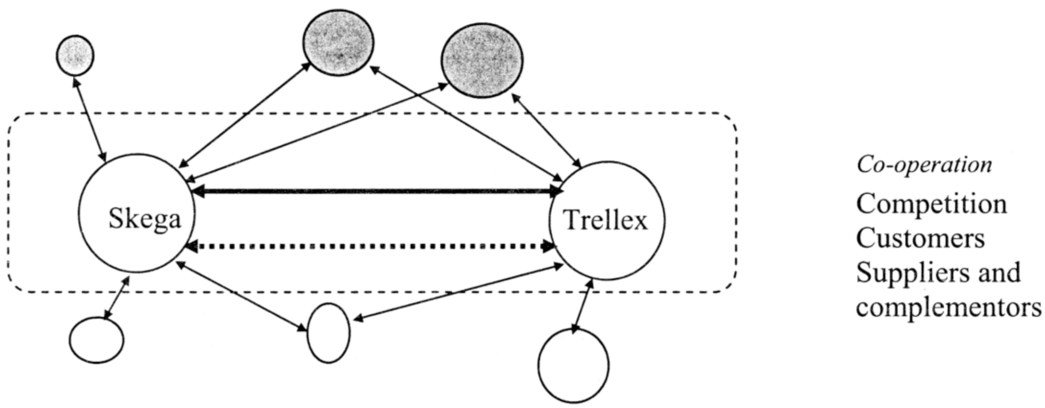

Figure 1. A reciprocal co-opetitive relationship between Skega and Trellex

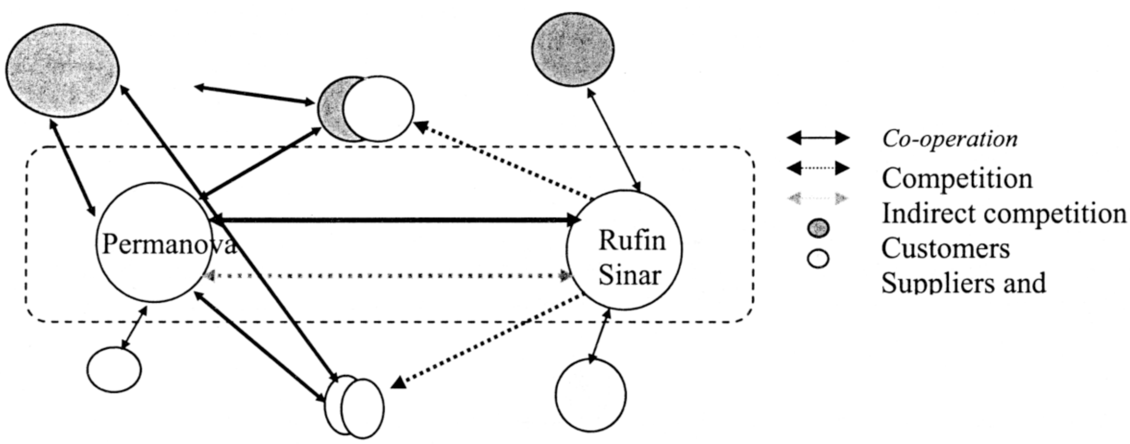

Figure 2: A multi-polar co-opetitive relationship between Permanova and Rufin Sinar

RETURN ON RELATIONSHIPS (ROR): FINANCIAL ASPECTS OF RELATIONSHIP MARKETING AND CRM IN A BUSINESS-TO-BUSINESS CONTEXT

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ABSTRACT

Does relationship marketing and CRM (customer relationship management) pay? This question is discussed under the umbrella concept Return on Relationships, ROR. Although there is a shortage of empirical research and proven practice, the article discusses current efforts and difficulties to generate knowledge of ROR with particular emphasis on B2B environments.

INTRODUCTION

Indicators of the financial effects of relationship marketing and CRM are usually limited to the relationship between a customer and a supplier. But relationship marketing, in a broadened sense, embraces markets, society and internal organization as networks. I define relationship marketing by stressing what I have found to be the core concepts in new developments of marketing during the past three decades, both in B2C, B2B, services marketing, and information technology (IT) (Gummesson 2002, p.3): "*Relationship marketing is marketing based on interaction within networks of relationships.*" With its initial focus on services, The Nordic School—an informal group of concerned and dedicated scholars—successively found a need for departing from the traditional and pseudo-general marketing management, which primarily has a consumer goods base. By combining services marketing, traditional B2C marketing management, the network approach to B2B, and developments in other management disciplines, Nordic School researchers have broadened their range of vision from marketing management to the more general concepts of marketing-oriented management, relationship marketing and CRM (Gummesson, Lehtinen and Grönroos, 1997).

Jackson (1985) defined relationship marketing by contrasting it with transaction marketing, the one shot deal. To conceptually incorporate transaction marketing in relationship marketing, transaction marketing can be defined as the zero relationship on a scale where only lowest price or convenience counts. Relationship marketing became a widespread term in the 1990s, one-to-one marketing surfaced soon afterwards, and currently the most frequent term is CRM. My CRM definition follows from relationship marketing (Gummesson 2002, p.3): "*CRM is the values and strategies of relationship marketing—with particular emphasis on customer relationships—turned into practical application.*" When IT is sometimes presented as the core of CRM, it entails the risk that technology-centric software systems take charge and the human aspect of supplier personnel, customers and others is neglected.

Almost all companies are a blend of B2B and B2C. Although, for example, food is considered a consumer product it is only after having passed several B2B stages that it reaches a consumer. This means that companies should be well versed in both types of marketing and that the two types may learn from each other. There are also differences: "When a CRM strategy is 100% implemented, the individual will be in focus in both cases...[but the] hardware and software will vary greatly..." (PricewaterhouseCoopers 1999, p. 13). As the electronic application, eCRM, will vary, so will the human application, hCRM.

As 80 per cent or more of all e-business is expected to be B2B, eCRM will be highly pertinent to B2B marketing. In the year 2000, the US B2B e-business was $250 billion and is estimated to be $1,300 billion in 2004. At the beginning of the new millennium, one third of ABB's products—ABB being primarily in high-tech B2B equipment and increasingly in business services—were available on the Internet, but the plan is that all their 50,000 standard products should be available online. B2B eCRM also consists of ongoing business where customer computers buy from supplier computers and where electronic agents have taken over day-to-day trading and information search. Key Account Management (KAM) has become more important than formerly to secure individual treatment in the retention and development of large business customers. One reflection is that the skilled industrial salesman and negotiator did what is today advocated in relationship marketing, CRM and KAM. It could well be that a revival of the interest in the salesperson would follow in the next phase of CRM.

RETURN ON RELATIONSHIPS, ROR

One-to-one marketing stresses *learning relationships* with customers through dialogue as a key strategy. (Peppers and Rogers 1999). Part of this learning experience is to monitor the financial outcome of relationships. Jackson and network approaches to B2B do not deal at any length or empirical specificity with the financial consequences of relationships although there are conceptual discussions.

Managers who consider a relationship marketing and CRM strategy must ask the question: Is it possible to gauge *return on relationships* just like we gauge return on investment? The following definition is used here (Gummesson 2002, p.228): "*Return on relationships (ROR) is the long-term net financial outcome caused by the establishment and maintenance of an organization's network of relationships.*" This definition includes not only the return on each individual customer relationship but puts the return in a network context. Current CRM indicators are limited to the customer-supplier dyad. This may be a practical necessity; it is easier to measure the outcome of a buy and sell relationship with a consumer than the more complex industrial networks. Therefore the results and the indicators that have emerged are found in the area of consumer retention and loyalty. Even if this has to be accepted for the time being, it should be the target for research and practice to expand to other relationships in a company's network, such as own suppliers, intermediaries, alliance partners, government, and media.

In the pursuit of marketing metrics there is a need to be pragmatic. Numbers and accounting can assist leadership but cannot replace it. A predictable business in a market economy, controlled by to-the-point metrics, is an oxymoron. Despite this, there have been many efforts to measure marketing costs, revenue, profit and its contribution to value. The best known is PIMS (Profit Impact of Market Strategy), which started in the early 1960s, and operations research and management (or marketing) information systems, MIS, from around 1970. Current efforts are found among microeconometricians; within the concept of marketing accountability; and most recently the Marketing Science Institute (MSI 2002) has set the assessment of marketing productivity, return on marketing and marketing metrics as its research priority for 2002-2004.

I visualize five situations. First, the ideal is to measure the financial outcome of a network of relationship during a specific period. Second, the cost for a network of relationship is often a necessity if the company wants to stay in business, for example, to be part of a certain distribution channel. Third, being firmly positioned in a network may block competitors.. Fourth, the cost is an insurance premium, for example, keeping up good relationships with the media; you never know when you need their friendship. Fifth, some things can never be measured in a reasonable way, among them are those most crucial for success: vision, leadership and culture. Indicators are useful to a degree, but they are supplementary to other types of knowledge. I do not subscribe to the idea that we will eventually find the universal measurement cure; it is a search for a phantom and will remain science fiction. The next sections will briefly explain some of the current approaches to ROR.

Balanced Scorecard and Intellectual Capital

In the traditional balance sheet, loyal customers in the data warehouse cannot be brought to account, while the goods in the physical warehouse can. However, when a company's stock is traded, buyers pay for such "soft" assets as brand equity and loyal customers. Accounting systems do not capture the investment in a network of relationships, nor are they particularly informative about services and knowledge, which increasingly form the core of B2B companies.

The *balanced scorecard* registers indicators of capital other than just financial capital—here referred to as *intellectual capital*—among them the customer base and the value of long-term relationships. The original balanced scorecard contains indicators in four groups of capital: financial, customer, internal business process, and learning and growth. Intellectual capital is challenging the supremacy of short-term financial capital (Edvinsson, 2002). In commercial relationships intellectual capital is an antecedent to financial capital, sustainable profits and growth. Intellectual capital and the balanced scorecard generate future-oriented knowledge whereas traditional accounting is history-oriented. The issue is to recognize the long-term importance of intellectual capital for financial capital, and to convert intellectual capital into future profit. Intellectual capital can be divided into *human (individual) capital* and *structural capital.* Human capital includes the individual employees' knowledge, behavior and motivation but also their personal relationships, which may have been cultivated over a long period, and the trust that has established among customers and others. The power of human capital is evident for an advertising agency, a CPA firm, or a partnership of lawyers who thrive on personal interaction with clients. Certain knowledge can be transported, but other knowledge is inseparable from its environment and part of the structural capital. In a relationship marketing sense, structural capital consists of relationships that have been established with a company as such and are tied to culture, systems, contracts, brand identity, and the network to which a company belongs. The more successfully a company ties relationships to its structure, the less dependent it is on individual employees. In CRM, data warehousing and data mining strive to store and integrate information throughout the enterprise and its environment to be able to use it in novel combinations as a basis for marketing strategy.

Quality, Productivity and Profitability in Relationship Marketing

ROR can be enhanced by changing the balance between quality, productivity and profitability—here called "the triplets"—and thus changing the effects on revenue, cost and capital employed. A company can downsize and cost and capital employed can be slashed and profits might go up. But cost and capital employed can also be increased to boost revenue even more. A revenue reduction—for example, eliminating unprofitable customers—can reduce cost but a more constructive strategy might be to turn unprofitable customers into profitable ones. By myopic concentration on cost, the attractiveness of a company is reduced, customer relationships are jeopardized and intellectual capital is thrown away. The combined triplet effect is difficult to handle which has been shown in efforts to study them (see, for example, Vuorinen, Järvinen and Lehtinen, 1998; Lovelock, 2000).

Figure 1 shows "the triplets at play". Its application has to be adjusted to the specifics of each situation, and my comments below should be interpreted in the light of relationship marketing and B2B. The figure starts with quality, defined as (i) offering products and services that fulfill the function needed and wanted by the organizational buyer; (ii) being reliable and doing it right the first time; and (iii) good relationships with customers and others in our network, relationship quality. If quality in these senses improves, it can have a positive impact on revenue (left section of the figure), cost (middle section), and capital employed (right section). Improved productivity becomes an antecedent to profitability and some factors directly affect profitability through enhanced revenue. The figure does not show an automatic process but opportunities to enhance profitability, if properly managed.

When function, reliability and relationships improve, this can be used to boost image, customer retention, share of customer, and market share. Brand identity and brand equity go up. These changes stimulate sales, differentiate the supplier from the competition making the supplier less dependent on price competition, and open up for possible premium pricing. Service costs for machinery go down, and so do the costs of inspection, testing, rework, scrap, complaints, and warranties. The capital employed is reduced as less stock needs to be kept; accounts receivable go down because payment comes earlier and less payment is delayed because of complaints.

ABB implemented a long-term "customer in focus" program during the 1990s. To make it tangible and operational, time reduction was chosen as the focal point. Customer waiting time went down and quality went up. By reducing processing time, fewer resources were required and productivity went up. For example, the time to process an order that used to take 3 hours via telephone or fax, was reduced to 2 minutes; and the time and cost for an order of a special axis for electrical motors that required 4 weeks and cost $205, was reduced to 2 days and $31. As cash flow becomes faster, money can be used elsewhere and capital costs are slashed.

Lifetime Value and Customer Equity

The old concept of lifetime value, LTV, has been revived in CRM. It usually refers to the net value of an individual consumer's purchases over his or her lifetime, sometimes widened to the whole family, even to both private and professional consumption. In defining *customer equity,* as "the total of the discounted lifetime values of all its customers", Rust, Zeithaml and Lemon (2000, pp. 4-8) also broaden LTV. Customer equity is the combined outcome of *value equity* (defined as relatively cognitive, objective, and rational customer perceptions of quality, price and convenience), *brand equity* (customer perceptions of a supplier that are relatively emotional, subjective and irrational), and *retention equity* (repeat purchases). According to the authors (p. 12) "Customer Equity is the key to the long-term profitability of any firm, and analyzing the key-drivers of Customer Equity provides an overall framework for effectively focusing strategic resources." The LTV concept may stand out as fairly clear cut in B2C but may be harder to define in B2B. For example, what is the lifetime of a company?

Network Approaches to ROR

Håkansson and Snehota (1995, pp. 382-397) summarize three levels of cost and revenue effects in B2B networks. First, business relationships generate revenue from customers and the costs are incurred by suppliers; these revenues and costs are traceable. Second, other costs and benefits of relationships are less obvious and less measurable. These are the costs/revenues of maintaining networks and the quality/productivity emerging from operating in networks. Third, there are the costs and revenue effects that will only become apparent in the future. Although the current benefits of a network are essential, the potential benefits of securing survival and perhaps growth may be more important. The authors stress the network dependency (p. 396): "...every business enterprise is a product of its context as much as a force shaping the context." The context is both spatial (which relationships are part of our network?), and dynamic (how should the measurement be linked to the past, the present and the future?).

THE ROLE OF MARKETING PLANNING AND BUSINESS PLANNING

In order to develop ROR it is essential to get marketing and accounting working in the same direction. Supportive accounting is an antecedent to sound CRM. It is particularly important to take a fresh look at marketing planning because relationship marketing offers new conditions. We need to go beyond the marketing plan, as marketing in the light of relationships, networks and interaction becomes *marketing-oriented management;* the marketing plan must be part of the *overall business plan*. There is little research on marketing planning in networks of relationships. One of the exceptions is Benndorf (1987) who studied relationships and networks in B2B marketing and their meaning for the marketing planning process. He notes that companies in a network become dependent on each other's plans and therefore their resources and activities should ideally be co-planned. Such co-planning is not easy to practice; it requires a lengthy and sustaining learning process.

I have found that to get relationship marketing, CRM, and network thinking implanted in the planning processes the following areas need to be addressed. First, *select a relationship portfolio.* Analyze the currently interesting relationships and networks and assess your ability to interact in these. The thirty market, mega and nano market relationships, the 30Rs, presented by Gummesson (2002) can be used as a checklist. Second, *set goals for ROR* in both quantitative and qualitative terms and apply a balanced scorecard approach. Measure what impacts on ROR—if it is measurable. Third, *monitor implementation and outcome and compare with goals.* Implementation is often the more demanding activity together with changed course of action that new knowledge and feedback may give rise to. Fourth, *assess relationship marketing consequences for organization, systems and procedures.* For example, implementing a CRM system requires changes throughout the company or it will become yet another costly system with little positive effect on performance.

CONCLUSIONS

Establishing and maintaining relationships is not a new fundamentalist religion confronting the old fundamentalism of microeconomic theory (all is price), traditional marketing management (marketing mix, consumer goods), and traditional accounting (historical financial data). However, research and marketing practice during the past thirty years point to the significance of relationships, networks and interaction. Although these concepts are central to relationship marketing and CRM, ROR should ideally help a company to determine whether it should act at the zero relationship end of the scale or move along the scale toward closer and more enduring relationships. Moving along the scale calls for better ROR indicators, thus raising accounting from historical financial measurement to broader forms of future-oriented learning. Thus relationship marketing and CRM require a paradigm shift in B2B marketing where long term relationships in practice constitute the more general case, and the one-shot deal is a special case.

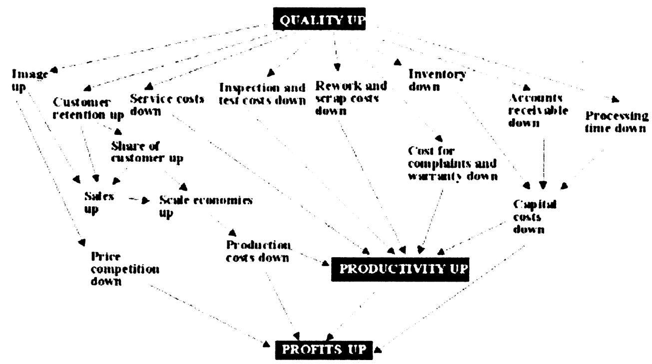

Figure 1 "The triplets at play" (revised from Gummesson, 1998).

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EXPLORING PRODUCT REPLACEMENT IN BUSINESS MARKETS

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ABSTRACT

The existing NPD literature discusses new product introductions and product deletions, but largely ignores product replacements. But, especially in business markets, product replacements create their own set of management problems. This paper explores the issues involved in managing product replacements in business markets.

INTRODUCTION

Developing a constant stream of new products is essential to a firm's long-term survival and profitability. Over the years, the literature on new product development (NPD) has grown to enormous proportions (Hart 1996). However, firms that only focus on developing new products quickly find themselves trying to manage a large, unwieldy and ineffective range of products, thus emphasizing the need for regular and systematic product deletion as a complement to product development. The introduction of a new product and deletion of an existing product coincide when an obsolete product gets replaced by an updated, restyled or otherwise improved new product. Recently, firms such as Unilever and Procter & Gamble expressed the need to restructure their product portfolios and use product/brand replacements to reduce the number of products and brands to a more manageable level. In addition, the accelerating pace of technological change reduces the useful lifetimes of many products and thus emphasize the need for effective product replacements (Von Braun 1990). Product replacements do more than just add a product deletion to a product launch and create their own set of management issues, such as: should we synchronize product launch and product deletion or sell both products simultaneously for a period of time? and how do we manage the period of transition from old product to new one?

Surprisingly, the literature on product replacements is extremely scarce and ignores the management issues that managers have to deal with in implementing product replacements. Especially on business markets, these management problems are expected to be quite substantial. For instance, the existence of long buying processes complicates the timing and implementation of product replacements, while long-term contracts with customers and substantial reliance on product service in addition to the physical product hinder a smooth transition from old to new product (Dwyer et al. 1987, Anderson and Narus 1995, Sharma et al. 1999). Our study explores some of the major issues involved in managing product replacements in business markets. First, we present a quick theoretical background on product introduction, deletion and launch and our study's contribution to the existing body of literature. Then we describe the research method employed. Subsequently, we discuss our empirical findings and conclude with some suggestions for future research.

PRODUCT INTRODUCTION, DELETION AND REPLACEMENT

The introduction of a new product is generally considered to be the last stage of the product development process, just before the new product is handed over to the regular product management organization (Cooper 1993). A market launch consists of both strategic and tactical marketing decisions that a firm needs to make in order to introduce the new product (Green and Ryans 1990). Strategic introduction decisions are made relatively early in the development process and concern the formulation of introduction objectives, newness of the product, timing of the launch and selection of target markets. For instance, some researchers studied the timing of market introduction and questioned the wisdom of being first to market (Golder and Tellis 1993, Lambert and Slater 1999). Tactical introduction decisions are made after the strategic introduction decisions have been dealt with and concern the various marketing instruments. For instance, several authors investigated the effects of creating marketing hype and other new product signalling activities (Eliashberg and Robertson 1988, Wind and Mahajan 1987).

While the introduction of new products has gained a lot of attention, the literature on product deletion is much less developed and structured. The product deletion process consists of four stages: (1) detection of weak products, (2) analysis of the weak products identified, (3) decision to eliminate the product, and (4) implementation of the deletion decision (Avlonitis 1984). On business markets, product deletions may become quite complex, involving not just communication with customers, but also existing long-term contracts, remaining estimated demand, careful production planning and estimated demand for spare parts. Business firms use four deletion strategies: phase out immediately, phase out slowly, sell the product to another manufacturer, and eliminate the product and only manufacture it "as a special" on demand (Avlonitis 1983). Others investigated product deletion ethics (Hise and McGinnis 1985), the effects of strategy on product deletion (Hart 1989), the managerial setting of deletion decisions (Hart 1991) and product deletion scenarios (Avlonitis et al. 2000).

Despite all this attention to product introductions and deletions, the combined product launch and deletion (i.e. product replacement) is all but ignored in the literature. Exceptions can be found in the NPD literature where the introduction of a new product is frequently linked to the deletion of an existing one (Avlonitis 1983, 1984). Product replacements are also implied by the concept of developing new products according to a planned architecture of product platforms and derivative products, with successive generations of the product platforms providing the basis for the development of a series of derivative products for specific markets (Meyer and Lehnerd 1997). A few studies explicitly address product replacements. Saunders and Jobber (1994) investigated the differences between successful and unsuccessful product replacements and formulated a number of alternative phasing strategies and types of product replacements. Billington et al. (1998) classified product replacement strategies' antecedents into product risk and market risk factors and distinguished between *solo-product replacements* (that aim to have all the old product sold out at the planned new product introduction date) and *dual-product replacements* (that plan to sell both old and new products simultaneously for a period of time). They also described the product replacement process as consisting of three steps: (1) choose the risk posture and replacement strategy, (2) monitor the situation and change the strategy if necessary and (3) execute the final strategy.

As this literature overview illustrates, product replacements have been barely investigated and often only been hinted at. Besides being fragmentary, the existing literature on product replacements is also of a very general nature, emphasizes product replacement strategies and fails to address implementation issues. Nevertheless, the literature confirms that product replacements involve more than just the addition of a product deletion to a product launch. In this paper, we present the results of an exploratory investigation of how firms manage product replacements in business markets. Our study's contribution to the existing body of literature consists of (1) a detailed discussion of the various ways in which product launch and product deletion are related, (2) an inventory of major management issues involved in implementing product replacements and (3) an analysis of the influence of business market characteristics on the management of product replacements.

RESEARCH METHOD

We conducted exploratory semi-structured, in-depth interviews with managers in eight business firms in The Netherlands. The products studied included several products for climate control, complex medical equipment, trucks, plastic pipe systems, office furniture, plastics, pacemakers and copiers. The firms were selected on the basis of their innovative capabilities as well as variation in a number of characteristics that might be expected (based on our literature review) to affect their product replacement activities, such as product complexity, proximity to the end user, product visibility to the end user, product invasiveness and industry characteristics. For instance, product invasiveness varied from office furniture being stand-alone products that are part of a customer's support functions to plastics that enter directly into a customer's production process, and was expected to be related to product replacement strategy and communication issues. The resulting diversity in products and firms resulted in a corresponding diversity of product replacement practices and increased our understanding of the phenomenon.

The respondents were all senior managers closely involved with the management of product replacements, such as Sales Directors, Marketing Managers, Directors Commercial Development and Senior Directors of Business Development. While in some cases, product replacement decisions were made within a team, consisting of representatives from various business functions, the contributions of other team members were typically limited to e.g. production management and purchasing issues. In this paper, we discuss the marketing issues involved in managing product replacements. The predetermined format of semi-structured interviews addressed subjects such as market and firm characteristics, frequency and nature of product replacements, (antecedents of) product replacement strategy, major management issues concerning product replacements, internal organization of product replacements, the process of managing product replacements and the success of managing product replacements. In this paper we focus on the major marketing management issues involved in formulating and implementing an effective product replacement strategy. The interviews (which typically lasted app. two or three hours) resulted in detailed case descriptions, which were verified by the respondents and independently subjected to content analysis by both investigators. This led to a long list of relevant issues and observations that was subsequently reduced to a more manageable set of issues by grouping all similar and related issues together. Subsequently, these issues were interpreted in the light of the existing knowledge about product development, marketing and organizational science. In the next section, we discuss these management issues.

MANAGING PRODUCT REPLACEMENTS

This section discusses some of the major issues involved in managing product replacements.

Different Types of Product Replacements

The first issue to resolve is determining the type of product replacement involved. For instance, some replacements involve the whole product, while in other cases only specific product modules are replaced. In yet other cases manufacturers launch new product functions by updating the software of existing products. In addition, some product replacements emphasize a product's functional characteristics while other replacements are only cosmetic and focus on the product's design. Product replacement becomes even more complex when it involves the gradual replacement of a product platform through the subsequent introduction of new products based on a new platform.

Preference for Silent Product Replacements

Product replacements are not always communicated as such to customers. That is, many product replacements are launched as new products without explicit reference to the old product they are expected to replace. Especially with a limited installed base and close customer relationships 'silent product replacements' are possible through closely targeted direct communication (newsletters, direct mail, online bulletin boards). Many business firms prefer silent product replacements because it allows them to let the market decide the old product's fate (whether the old product will actually be deleted and the speed of product deletion). But a silent product replacement is not always feasible and strongly dependent on the firm's manufacturing system. When production of the old product needs to be stopped in order to start production of the new one, the manufacturer has little choice but to present the new product as a replacement of the old one.

Linking Product and Product Service in Replacement Strategies

Many business products are supported by product service, i.e. supplementary services such as maintenance, training, consulting, product installation, financing and project management (Anderson and Narus 1995). This close relationship between a physical product and its supplementary services implies that firms that replace a product with a new generation frequently need to continue supplying customers with services for an extended period of time. One of these supplementary services involves the provision of spare parts, resulting in double inventories, increased costs and the need for careful inventory management. Managers need to continuously calculate the cost efficiency of their strategy concerning the old product's product service. Firms deal with this problem in several ways:

- deliberately purchase old products from customers to reduce the old product's installed base, eliminate existing long-term service contracts and replenish the firm's spare parts inventory;
- gradually reduce the number of years during which the product is guaranteed to be in stock during negotiations with customers (by reducing the contract period for new service contracts or failing to renew existing service contracts);
- standardize products which makes the new product interchangeable with the old one (e.g. plastic pipes used in drainage systems always need to be compatible with existing drainage systems).

Sometimes, product service also offers opportunities instead of problems. When the product's performance is largely based on embedded software, the product's functionality may be quickly and easily changed by releasing new software without needing to replace the whole product. For instance, in the case of pacemakers new software can be uploaded without the need of an operation.

Consequences of Long Buying Processes

Many business markets are characterized by complex and long buying processes, with buying decisions made by buying teams over a period of months or sometimes even years (Bonoma and Zaltman 1978). When this is the case, customers need to be informed early enough to consider the new product, but the manufacturer wants to preserve his competitive advantage and therefore communicate the coming product replacement as late as possible. This dilemma requires careful analysis of customer buying behaviour and competitive forces. For instance, a firm confronted with a competitor announcing the introduction of a competitive new product, may inform major customers of NPD-in-progress to persuade them to postpone their purchasing decisions and thus prevent them from becoming locked in by the competitor. Also, when business products are delivered over a longer period of time, a product replacement may fall in the period during which deliveries are scheduled. Such a situation can be dealt with by increasing production of the old product and using the old product for all scheduled deliveries, getting customers to accept a model break or rescheduling planned deliveries with only the new product.

Managing the Transition from Old Product to New Product

In most business markets, product characteristics and buyer-seller relationships require a period of overlap between old product and new product (dual-product replacements; Billington et al. 1998). The firms investigated employed numerous practices to manage the transition from old to new product:

- continue delivering the old product to allow customers to get used to the new one (to maintain goodwill in markets that are very conservative);
- continue manufacturing the old product to gauge market reactions to the new one;
- stimulate customers of the old product to switch to the new one (through attractive offers and buy-back of old equipment);
- pamper customers who just bought the old product with extra upgrades at an attractive price to decrease the difference in performance between old and new product;
- automatically upgrade outstanding orders to the new product;
- continue selling the old product to specific geographical markets or market segments;
- buy back old products and sell them to a second-hand market.

A special case of population management is required when customers do not buy products but rent them (or pay for a specified level of performance). In these situations, a manufacturer needs to balance the introduction of the old product for new customers with the replacement of products at existing customers and managing the returned products (e.g. by selling them to second-hand markets) for maximum total profit. When a firm profits more from extending existing contracts with customers for one more year, this may reduce the speed of new product introduction.

Global versus Local

Many business markets are truly global in nature (Hayes et al. 1996). In such cases, products need to be replaced more or less simultaneously in all major markets. Despite the global nature of markets, firms may want to differentiate between the timing of replacement in different regions. For instance, in countries with relatively new sales organizations that are still in the early stages of development a product replacement may be scheduled relatively late. (This strategy may work at cross purposes with global new product announcements made at international trade shows.) When regional differences exist, firms may choose to gradually roll out the product replacement across geographical regions, allowing management to continuously modify the replacement strategy based on initial experiences.

CONCLUSION

In this paper we explored the complexity of implementing product replacements in business markets. While these tentative results only offer a first glimpse, they clearly indicate that product replacement management is an area deserving further attention. Opportunities for further research are numerous. First of all, the findings of our study are exploratory and need to be expanded into testable propositions that are subsequently tested with a larger sample of firms. In addition, one may investigate the differences between business markets and consumer markets, the influence of several product characteristics (e.g. non-critical stand-alone business products versus business products that are a critical input to the customer's production process), the organization of product replacement processes and the influence of product replacement strategies, tactics, organizations and processes on success. Insights obtained from such studies will help managers to successfully replace obsolete business products with improved ones.

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COMPANY VERSUS COUNTRY BRANDING: "SAME, SAME BUT DIFFERENT"

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ABSTRACT

The aim of this study is to investigate whether countries can be branded like companies. Company brands are managed according to clear ownership and top-down control of brand management. In contrast, countries are governed according to the public interest, which requires transparency and participation.

INTRODUCTION

It seems to be widely believed, both among marketing practitioners and marketing researchers, that countries can be branded like companies (Jaffe & Nebenzahl 2001; Papadopolous & Heslop 1993). In this paper we discuss the degree to which concepts in the branding literature can be extended to the branding of countries, a topic which so far has been more or less absent in the literature (Dann 2000; Langer 2002). In doing so we extend the literature on brand management, international marketing, and country image research. A major achievement in rethinking country branding is accomplished through a multinational newspaper content analysis, which enables us to classify country brand awareness and associations according to variation in relational characteristics between source and target countries.

MANAGERIAL CHALLENGES IN COUNTRY BRANDING

Our study involves a discussion of managerial challenges in applying ideas about branding developed in business settings to countries. First, company ownership, top-down control, and consistency of brand promotion are seen as mandatory conditions for success in product brand management (Keller 1993; Kotler 2001). Countries or nations as brands are not owned by anyone in particular as they belong to the public domain (Anholt 1998). The presence of multiple stakeholders makes it difficult to create an organizational structure for a country brand that can represent the multiple and diverse interests of different stakeholders (Hankinson 2001). At the same time, country brand authenticity and legitimacy would be dependent on stakeholder integration (Ashworth & Voogd 1994; Henderson 2000). A managerial challenge is therefore: *Authentic and unique core values are mandatory for efficient country branding and require participation of and recognition by multiple stakeholders in the source country.*

Secondly, most countries are governed according to democratic principles and transparency of public affairs (Allison 1982; Beckett 2000; Langer 2002). Top-down control and management of core values for a country brand are simply not possible in a democratic setting as legitimate democratic noise from multiple agents and sources will always compete with commercial agents (Bryant & Zillman 1986; Gartner 1993). The second managerial challenge is therefore related to this fact: *A country brand agency does not have the necessary managerial means or democratic legitimacy to determine and control the information about a source country that is communicated to the public in a target market.*

Thirdly, a country brand agency also lacks the power or market position to establish and create a country brand independent of powerful image agents in the news media (Hankinson 2001). The independent news media in any target market are the most important agent for information on other countries (McCombs & Gilbert 1986). Therefore the third managerial challenge is related to this: *Images of foreign countries are primarily established by the independent news media in the target country.*

To explore these challenges we have conducted an in-depth content analysis of how a small country is portrayed in the popular media (newspapers) over a period of two years in three different country markets. This is a new approach in the country image literature, which enabled us to gain new insight into the phenomenon of country associations. Of particular relevance is our classification of country associations according to relational characteristics between the source and target countries.

Our analysis is inspired by recent conceptual development in the brand management literature, where insights from concepts such as brand relationship qualities (Fournier 1998) and global brand management (Alden et al. 1999; Hewett & William 2001) are integrated in our analysis of country image. Our analysis demonstrates how relations between a source country and target country influence the degree of awareness and knowledge of a source country brand in a target market.

METHODOLOGY

Because of the exploratory character of this study we chose a small sample of countries that had relatively stable economies and political situations. We expected news coverage in the international press on such countries to be relatively independent of volatile situations on the international scene. The sample consists of one source country and three different target countries. The source country, Norway, belongs to a group of smaller countries that have embarked on international advertising campaigns to build a national brand image in other countries. The target countries – Sweden, France, and Japan – vary in geographical, sociopolitical, and cultural closeness to the source country at the same time as they are important export markets for the source country.

For each target country, the national newspaper with the highest market coverage and the leading business newspaper were selected: Le Monde and Les Echos were selected for France, Asahi and NIKKEI for Japan, and Dagens Nyheter and Dagens Industri for Sweden. Since images are typically developed over time (Aaker 1995; McComb & Gilbert 1986), we searched the databases for all newspaper articles about the source country over a two-year period (August/September 1998 to August /September 2000). The search key word was the name of the source country, which produced a list of titles where Norway was mentioned in the headline or in the text.

In order to secure texts that represented both the breadth and depth of topics covered in the newspapers, we combined statistically random sampling and subjective selection criteria (Berelson 1971) and ended up with final sample of 412 newspaper articles from the three target countries.

FINDINGS

Cross-country comparison of media coverage of source country

The media coverage of the source country varies significantly across the three target countries. In neighboring Sweden, the newspapers cover current affairs and the domestic agenda in the source country on a daily basis. The Swedish national newspaper provides substantive information on the source country on all the main topics. The business newspaper focuses mainly on economic affairs. However, this coverage is both extensive and deep, and probably reflects the many economic ties that exist between the two countries. In more remote France, the newspapers seemed to screen source country news according to their own interests. Typical news from Norway in the French newspapers had to do with international affairs, very significant events, and analyses of economic issues with relevance for France. In far away Japan, Norway was rarely mentioned in the newspapers, and when it was mentioned, it was often not in substantive terms. We found hardly any substantive articles about Norway in the Japanese business newspaper for the period studied.

This analysis reveals that the character of newspaper coverage is dependent on geographical, cultural, and social proximity between source and target countries. The Swedish coverage is factual, analytical, and at times very emotional. The French coverage is mostly analytical and reveals an interest in Norwegian idiosyncrasies. The Japanese newspaper coverage of Norway is very minor and mostly in terms of stereotypes.

The analysis suggests that the media content in the different target markets varies according to the existing relations between the source and target countries. We therefore use a relationship metaphor to organize and label the qualitative properties that emerge from the deep analysis of the newspaper content. Relationship concepts are commonly used both in marketing (Fournier 1998; Zeithaml & Bitner 2000) and business studies (see Grönroos 2000; Liljander & Strandvik 1995; Sheth & Parvatiar 1995) to enhance understanding and to provide a conceptual framework for analyses of economic exchange. In relationships, the actions and attitudes of the other party are interpreted according to mutual expectations, mutual dependency, commitment, and promises that are inherent in relationships. The relationship metaphor is therefore highly relevant and useful in our analysis of the media texts, as they represent an interpretive background for what the media communicates to the public in the target country.

The analysis of the Swedish newspapers reflects a "sibling" relationship with Norway. Sibling relationships have strong emotional bonds, high interdependency, mutual influences due to shared heritage, strong competition and cooperation, and are long-term and non-voluntary in nature (Howe et al. 2001; Fournier 1998; West et al. 2002). The French newspapers' analytical coverage suggests a more distant relationship to Norway, which we labeled "remote relative". A remote relative relationship is one that is characterized by mutual knowledge of one another's existence: There is low degree of interdependency between the parties, and loose bonds due to shared heritage, but mutual commitment is low. A shared heritage can in some matters make a remote relative more interesting and relevant than a complete stranger. The content in the Japanese press suggests a relationship between "strangers". Strangers can have accidental and situational contacts devoid of the affect and commitment, which are present in closer relationships. A stranger is someone you do not know personally. To the degree that one is aware of a stranger, it may be in stereotypical terms (Koomen & Bähler 1996; Peabody 1985), which may be more or less representative of people and products from a particular country. Stereotypical perceptions of nations can be defined as stored beliefs about the characteristics of a group of people (Bar-Tal 1997) and are measured according to specific attributes or measurement scales (e.g. Jonas & Hewstone 1986: Phalet & Poppe 1997). Stereotypes tend to be stable over time.

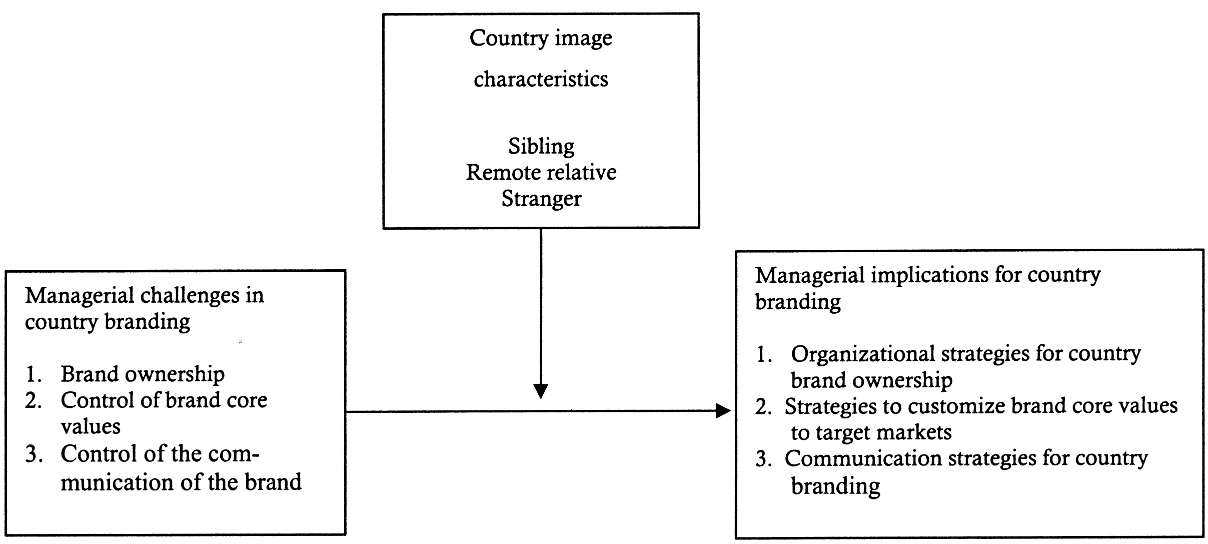
The following table shows how types of relationship between source and target countries are reflected in different country image characteristics.

MANAGERIAL IMPLICATIONS FOR COUNTRY BRANDING

The identified relationship forms have important implications for managerial challenges in country branding with regard to organizational strategies for brand ownership, strategies for customization or standardization of core values across target markets, and communication strategies for country branding.

Figure 1

THE RELATIONSHIP BETWEEN MANAGERIAL CHALLENGES, COUNTRY IMAGE CHARACTERISTICS, AND MANAGERIAL IMPLICATIONS FOR COUNTRY BRANDING



The first managerial challenge question the degree to which it is possible for a governmental agency to accomplish brand authenticity through top-down management strategies developed for a business context. For example, country images in sibling target markets are rooted in multiple sources of information and contacts between the source and the target countries. In such cases a centrally managed umbrella brand for the country would most likely "disappear" in all the noise from individual marketers and independent image agents.

> *Proposition 1*: Multiple ownership and democratic principles are necessary to establish and manage an authentic country brand.

> *Proposition 2:* The larger the number and diversity of stakeholders a country brand has, the more difficult it will be to establish and manage a representative country brand alliance.

The second managerial challenge relates to brand core values and how these are identified and managed. In the case of sibling relations between source and target countries, the true character of the source country is known and therefore the country brand core values have to be based on authenticity. The complex and rich relationship between sibling countries, which we found in the newspaper content analysis, is interesting for country branding in two important respects. First, the source country image can contain very strong emotions, both positive and negative. Secondly, these mutual emotions or bonds are often unique to the relationship between the two countries. Strong and unique emotional bonds between close partners have clear advantages for marketing purposes (Liljander & Stranvik 1995; Sheth & Parvatiar 1995). The Danish tourism brand to attract customers from Norway and Sweden utilizes this in its advertising campaign: "It's wonderful to be Norwegian (Swedish) in Denmark." The brand logo is the Danish flag shaped like a heart (www.visitdenmark.com).

> *Proposition 3*: In a sibling target market, a source country brand will be stronger if it is based on core values that reflect the unique, strong, positive, and emotional links between the two countries.

In a target market that has less specific and less well-grounded images of a source country, the marketer has to establish a set of core values. The newspaper content analysis revealed that, in a country that has a remote relative relationship to a source country, there is medium awareness and knowledge. We also found that interest and involvement in source country issues seem to be screened according to the specific interests of the target market. The challenge would therefore be to find these issues and position the country core values accordingly.

> *Proposition 4*: In a target market, which can be characterized as a remote relative, the core values of a source country brand should build on the particular interests that the target market has with regard to the source country.

Since there is low awareness, little knowledge, and low involvement between strangers, it is difficult to establish strong core values in such a target market. At best, one can hope to reinforce positive stereotypes of the source country that may already exist; for example, Japanese admiration of Norway as a democratic and peace-loving country.

> *Proposition 5*: In a target market with a weak or non-existent image of the source country, core values that reinforce positive stereotypes have a better chance of creating brand awareness than brand core values that deviate from perceived stereotypes.

The third managerial challenge refers to the fact that countries are important units of attention in the news media and that news media have a near monopoly in conveying news about other countries in any target market. In sibling countries there is high awareness, in-depth knowledge, and high involvement with the source country. The public gets information on the source country from multiple image agents on a daily basis. This makes most media channels in the target country relevant for a country image campaign. However, since the news media are so rich in information about the source country all the time, a commercial country image would have to compete with multiple, and at times contradictory, information about the source country. In cases of negative news, a private company can change its name and reposition its products; a country cannot escape its name.

Proposition 6: In sibling and remote relative target markets, a commercial image of a source country is highly dependent on the source country image conveyed by other image agents.

In target countries that are strangers, the source country receives little attention in the news media. Hence the image of the source country in such markets would be weak on country brand awareness and knowledge. Building a country brand from scratch in "stranger" countries would be a task, which requires enormous resources. In such cases it might be better to build a positive source country image in existing business-to-business relations and through promotional activities, including attention-getting events.

Proposition 7: In target markets where the public receives little or no information on the source country, a country image should be built on existing contacts between the two countries.

CONCLUDING COMMENTS

The aim of this study was to investigate whether countries can be branded like companies. Company brands are managed according to clear ownership and top-down control of brand management. In contrast, countries are governed according to the public interest, which requires transparency and participation. We extend the understanding of country branding by identifying managerial challenges related to brand authenticity and inclusion of multiple stakeholders in the country brand, lack of managerial means or democratic legitimacy to determine and control source country associations in a target market, and lack of control over independent image agents such as the independent news media in the target country.

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Sweden

Dagens Industri, 24.01.00, Marie Sundberg, Staten äger halva Norge
Dagens Industri, 02.11.98, Monica Sandbäck; Norway in focus for SHB
Dagens Nyheter, 27.07.00, Lars Johansson, Politikerna glömde alkomätaren
Dagens Nyheter,21.07.00, Daniel Öhman, Gränshandeln: Handeln ger 7000 jobb i Sverige, Oro i Norge. Förslag att sänka norska matmomsen till svensk nivå

France

Le Monde 18.09.99, France: Théâtre – Jon Fosse, le riverain de la solitude
Le Monde, 06.04.00, Norvège: Les Nuit ensoleillées des îles Vesterålen
Le Monde, 05.05.00, France: Le monde des livres - littératures - à fleur de peau
Les Echos 12.05.99, Antoina Jacob; Norvège: Grands manoeuvres dans l'industrie pétrolerè
Les Echos 06.12.99, Norvège: Les projects de concentration du secteur bancaire scandinav freinés par Oslo
Le Monde, 24.07.00, Jean-Pierrre Langellier, Olaf Premier de Norvège, le Viking ardent
Le Monde, 23.06.99, France: culture – danses du Nord, à déguster frappés

Japan

Asahi, 16.10.00, Norwegian Foreign Minister, Chairman of AHLC, Middle East Peace Talk
Asahi, 13.01.99, Is Palestine Far Away, Middle East and Japan
Asahi, 07.05.00, To Have More Female Members of Parliament
Asahi, 01.02.00, Medical Political Science – Patients All the Time
Asahi, 21.08.00, Sea of No Hope, Effort to Rescue Russian Nuclear Submarine

Table 1
RELATIONS BETWEEN SOURCING AND TARGET COUNTRY, COUNTRY IMAGE CHARACTERISTICS, AND IMPLICATIONS FOR COUNTRY BRANDING

Type of relation between sourcing and target country	Characteristics of the media coverage sourcing country	Country image characteristics of sourcing country	Implications for country branding: Brand core values	Communication strategies
Sibling: Long-term, non-voluntary relation imposed by shared history and roots, high affective attachment, and high expectations of reciprocity	- Continuous coverage of *domestic* and *current* affairs in the sourcing country - Critical press - Emotionally laden	- High awareness - In-depth knowledge - High degree of affect - High involvement - Complex - Deep - Strong	- Domestic focus - Authentic - Affective - Relational - Unique (relation specific) - Positive emotional appeal	- Due to high awareness most communication channels are of relevance - Avoid negative news media reinforcement
Remote relative: Relation characterized by mutual knowledge of each other existence and shared history, but with low in affect and mutual commitment	- Focus on the presence of the sourcing country on the international arena - Analytical articles of sourcing country attributes with interest for the public in the target country - Sporadic coverage of domestic affairs in the sourcing country	- Medium awareness - Knowledge on selected topics - Low degree of affect - Low involvement - Cognitive	- Authentic - Focus on target country interests - Cognitive appeal	- Due to low awareness mass media advertising has low relevance - Build B2B relations through promotional activities - Event marketing
Stranger: Accidental or situational contacts devoid of commitment and reciprocity demands (Occasional flings)	- Sporadic focus on the sourcing country's role on the international scene - No or limited insight into domestic affairs in sourcing country - Sporadic coverage (flings) of issues with mutual interests between sourcing and target country - Descriptive	- Low awareness - Low knowledge - Stereotypical associations - No involvement	- Positive stereotypes - Identify and use associations where there is some degree of involvement in the sourcing country	- Due to low awareness mass media advertising has low relevance - Build B2B relations through promotional activities - Monitoring of news-media in order to utilize flings for cross-media reinforcement

ACCOUNTABILITY IN THE BUYER-SELLER RELATIONSHIP: UNDERSTANDING THE INFLUENCE OF CULTURE ON BUYER'S ACCOUNTABILITY TO THE SUPPLIER FIRM'S SALESPERSON

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ABSTRACT

Exchange relationships are the essence of marketing; researchers have been studying the different influences on exchange relationships. Accountability influences the decision and decision process. This study proposes a model that describes the influence of the buyer's accountability, national culture, and trust on cooperation.

INTRODUCTION

A large number of empirical research studies have noted that accountability influences the decision and decision process in a relationship (Lerner & Tetlock, 1999). Accountability is a form of social and corporate control (Beu and Buckley, 2001). Cooperation (e.g.: Morgan & Hunt, 1994) represents one of the desirable outcomes of successful relationships. Additionally, as corporations become more global the influence of culture on relationships must be taken into account (e.g.: Gelfand & Realo, 1999). Accountability is not a unitary phenomenon and the accountability relationships that govern our lives are complex, fluid, and dynamic; "there are as many distinct types of accountability as there are distinct relationships among people and between people and organizations ..." (p. 256, Lerner & Tetlock, 1999). Although there is an emphasis by marketers to build long-term relationships the literature on accountability in the marketing area is scarce. Exchange is the essence of marketing and internal and or external accountability are an integral part of exchange. The purpose of this study is to incorporate accountability, culture, and trust theory into the research of cooperation in the buyer-seller relationship. In the buyer-seller relationship there are several possible accountability relationships such as buyer to salesperson, buyer to boss, and seller to buyer. Accountability is a form of control and is related to trust since trust acts as control in relationships (Tetlock, 1998). Control is an important part of long-term relationships because it reduces uncertainty (about the behavior) in the relationships. The type of relationship (transactional or relational; Macintosh & Gentry, 1995) affects the influence (level) of accountability on the relationship. The domain of this research is the influence of culture on buyer's accountability to the salesperson due to the outcome (buy/not buy) and its influence on trust (of the sales person) and cooperation (see chart 1, boxes in bold represent the relationship under study, and figure 1).

DEFINITIONS AND THEORY REVIEW

Accountability

Accountability "links individual decision makers to the institutions within which they live and work by reminding them of the need to: a) act in accord with prevailing norms; b) advance compelling justifications or excuses for conduct that deviates from those norms" (Tetlock, 1998, p. 5). It refers to the explicit or implicit expectation that one may be called to justify one's actions, beliefs, or feelings to an audience (Tetlock, 1998), which may reward/punish us if the justification is satisfactory/unsatisfactory (Stenning, 1995 in Lerner & Tetlock, 1999). Accountability can be defined from an external (to the person/audience) or internal perspective (Frink and Ferris, 1998). Internally, accountability implies the efficacy of the concept of the self as an audience and that rewards (or punishments) are internal feelings such as feelings of well-being or acceptance (Weigold & Schlenker, 1989). From an external perspective individuals are held accountable by laws, rules, and expectations (Beu and Buckley, 2001), by the way their behavior/performance is evaluated, and by social controls including expectations communicated by salient others (Lerner & Tetlock, 1999).

<u>Influence in how we form our views/decisions: accountability to an audience with known (or unknown) views:</u> People seek approval from their respective audience regardless of whether or not the audience views are known (Baumeister & Leary, 1995). People are viewed as lazy organisms that take the path of least resistance to guide them in making decisions; people are driven by the need to find approval and status (Tetlock, 1985). One can simply adopt the position that will gain the favor of the audience to whom one is accountable to (Tetlock, 1998). When one does not know (or is unable to guess) the audience views, one becomes "more vigilant, complex and self-critical information processor" (Tetlock, 1985, p. 314) and one engages in more analytical and less intuitive decision making than when one knows the

audience views (Tetlock, 1985) but if one is able to guess the audience views one may be able to adopt them (Weigold & Schlenker, 1991).

Influence of what we are accountable for: outcome (OA) or process accountability (PA): The accountability for decision outcomes or outcome accountability (OA) produces greater commitment to a prior course of action than the accountability for a decision process or process accountability (PA) does (Doney & Armstrong, 1996). Not all PA will work the same way, for instance Chub & Moe (1990, in Lerner & Tetlock, 1999) argue that private-sector institutions are more productive than public-sector institutions because they are driven by OA while PA drives public-sector institutions.

Impact of to whom we are accountable to: legitimate (formal and informal) or illegitimate accountability: People respond differently to accountability demands depending on whether or not the "audience/authority" is perceived as "legitimate" (Tetlock, 1998). When the audience is perceived to be legitimate (e.g. boss), people respond positively to the accountability demands. When the audience is perceived to lack authority or to be illegitimate (e.g. a stranger), accountability demands may backfire and sometime boomerang (Lerner & Tetlock, 1999). Legitimate accountability can be either official or informal. In official accountability relationships the audience is at a higher "level" (e.g. boss) while in informal the audience is at the same (e.g. peers) or at a lower level (e.g. subordinates). Additionally, the relationship perspective (transactional or relational) assumed by the parties may affect the level of accountability among them. In discrete relationship the level of accountability may be too low to have any effects; the pressure to conform to situational norms is enhanced when the level of accountability is high (Cialdini, Kallgren, & Reno, 1991).

Trust:

"Trust is the perceived credibility and benevolence of a target of trust" (p. 36); credibility is when expectations are formed on one party and the other fulfilled them, and benevolence is the genuine interest of one party on the other' welfare (Doney & Cannon, 1997). "Trust and self-accountability are necessary for the smooth functioning of institutions, but hardly sufficient" (Tetlock, 1998, p. 6); trust allows us to minimize the accountability checks on group members to maintain order (Axelrod, 1984 in Tetlock, 1998). Accountability and trust are related and influence one another. Trust leads to cooperative behaviors, decreases uncertainty, enhances future interactions including long-term orientation, and is influenced by culture (e.g.: Morgan & Hunt, 1994). Trust implies the involvement of two parties, trust involves an element of risk and doubt between the parties involved, and it may be indispensable for smooth social relationships.

Cooperation:

Cooperation refers to situations in which parties work together to achieve mutual goals (Anderson & Narus, 1990). Cooperation requires the two parties involved to actively participate to achieve mutual benefits; conflict can coexist temporally with cooperative actions (Frazier 1983 on Morgan & Hunt, 1994) though. Conflicts in the relationship do not stop parties from cooperating since terminating the relationship can be costly (Morgan & Hunt, 1994) thus when buyer does not buy from a supplier firm's salesperson, the relationship is not terminated.

Culture:

Culture is the "system of values and norms that are shared among a group of people and that when taken together constitute a design for living" (Hill, 1997, p. 67). Culture refers to "national culture" to distinguish it from other forms of culture not addressed (e.g. organizational culture. However, national culture does not refer to geographical boundaries nor implies that all groups within a nation embrace the same "national culture" (Hofstede, 1997). The study focuses on the cultural influences on relationship behavior; the applicable Hofstede's cultural dimensions (Hofstede, 1997) have been used. Individualism/collectivism reflects the way people interact in a society and has been suggested (Williams et al., 1998) to be the most pervasive difference associated with national culture. Since the individualism/collectivism dimension focuses on the interaction among people, it appears to be the most relevant for this study. Additionally, since uncertainty avoidance deals on how a society copes with uncertain situations and accountability, as a control form, may reduce uncertainty about behavior, this dimension is also pertinent to the study. Individualism refers to the preference for behavior that promotes one's self interest while collectivism promotes the group's interest. Individualism (e.g. US) assigns a low priority to relationships, developing trust and to external accountability influences; the inverse is true for collectivism (e.g. Mexico). Uncertainty avoidance refers to the extent to which a national culture feels threatened by ambiguous, uncertain situations and tries to avoid them by establishing more structure (Hofstede, 1997). Low uncertainty avoidance national cultures (e.g. US) tolerate risk easily and do not fear the future; they are willing to take risks and are not afraid to enter into new relationships (Hofstede, 1997).

CULTURE, ACCOUNTABILITY, AND THEIR EFFECTS

In their study of accountability and individualism/collectivism Gelfand and Realo (1990) noted: "the results suggest that in accountable situations, representatives may adopt the schema and behavior that is normative in their cultural experience when they are going to be evaluated" (p. 730). However, the study points out that the results may differ when the level of accountability is low and when the parties involved are from different national cultures. We follow their findings but we do not incorporate interaction among cultures.

Influence of national culture and accountability:

In individualistic societies (IS; e.g.: US) we would expect individuals to have a higher self-serving behavior than in collectivistic societies (CS; e.g.: Mexico). Normative behavior in IS promotes looking after one's self interest and thus in an accountability situation individuals from IS will look after their interest first. Also audiences expect individuals to be independent thinkers and to speak their minds. Individuals in an accountability situation will adopt the views (when known) of the audience or members of the audience that serve their best interest; when the views of the audience are unknown they will become more analytical and will choose the course of action that maximizes their interest. In CS, where the norm is to look after the group first and to conform to the group's behavior, individuals in an accountability situation will adopt the views (when known) of the majority of the audience, and when the views are unknown they will, after becoming more analytical if unable to guess the audience expectations, choose the course of action that maximizes the group's interest. What this implies in the buyer-seller relationship is that in IS both parties (buyer and seller) will try to maximize their interest. So if it is in the buyer's interest to buy from the salesperson/supplier firm, he will do so regardless of the relationship with salesperson (see figure 1); pursuing his own interest may affect the cooperation in the relationship. The buyer will feel accountable to the audience that can reward him and not to the salesperson. While in CS the buyer will tend to maximize the group's interest and may purchase from the salesperson to maintain the relationship and to conform to the group's expectations. The audience that can reward him will include the salesperson (member of the group) thus he will feel accountable to the salesperson. The buyer's interest in maintaining the relationship with the salesperson enhances their cooperation.

Proposition 1: In CS the buyer's accountability to the salesperson is higher than in IS.
Proposition 2: In IS buyer's accountability to the salesperson does not influence cooperation.
Proposition 3: In CS buyer's accountability to the salesperson positively influences cooperation.

In IS individuals tend to develop transactional exchange relationships (make the sale) instead of relational exchange relationships (maintain the relationship), as is the case in CS. Relationships are a low priority and the development of trust is not a high priority; the performance of the offering is the priority. Trust of the supplier firm is created by the performance of the product/service and so is trust of the salesperson (through transference). In CS relationships are important and individuals form long-term relationships. Buyer's trust of the salesperson is essential to create a relationship; buyer's trust of the supplier firm will depend on the trust of the salesperson. The higher the trust between the parties the higher the level of accountability one will expect. Additionally, CS (like Mexico) see others as a threat and tend to trust less while IS (like the US) feel less threaten by others and tend to trust others more (Kale & Barnes, 1991). Thus in CS transactions may not occur unless trust has been developed between the parties. However, in IS offering performance is priority over trust to determine the transaction. In an IS, given a consistent product/service performance from a supplier firm that meets the buyer's requirements, the buyer will feel compelled to explain his non-purchase decision to the salesperson. However, in CS societies the buyer will only feel compelled to explain his actions if he has developed a relationship with the salesperson regardless of the performance of the product/service.

Proposition 4: In IS the Buyer's trust for the salesperson is lower than in CS.
Proposition 5: In CS Buyer's accountability to the salesperson implies high trust of the salesperson.

Proposition 6: In IS Buyer's accountability to the salesperson does not imply high trust of the salesperson.
Proposition 7: High Buyer's trust of the salesperson positively affects cooperation.
Proposition 8: In CS cooperation is higher than in IS.

In high uncertainty avoidance national cultures (HUS; e.g.: Mexico) people are less willing to form new relations and to sever ties with old ones while in low uncertainty avoidance societies (LUS; US), people are willing to form new relationships and to discontinue old ones. HUS are more risk averse thus changing supplier firms may be construed as risky. In LUS, risk is tolerated and the buyer may not see changing suppliers as risky. Since change is not desired in HUS, the salesperson tends to stay with the same accounts longer than in LUS. Buyer in HUS will be risk averse and so will the supplier firm; buyer-salesperson relationship will last longer than in LUS. And thus the buyer's trust in the salesperson will be greater in HUS than in LUS.

Proposition 9: Buyer's trust of the salesperson is higher in HUS than in LUS.
Proposition 10: Buyer's trust of the salesperson in HUS and LUS has a direct positive effect on cooperation.

DISCUSSION, CONCLUSION AND LIMITATIONS

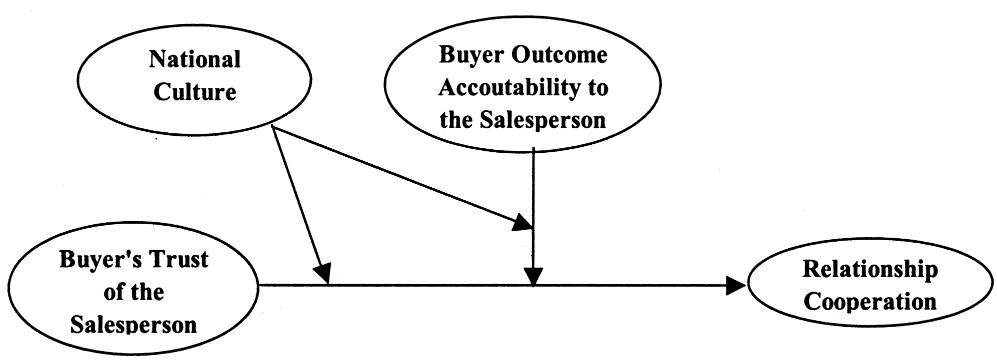
This research provides insights into the influence of accountability, culture and trust on cooperation. The proposed model attempts to explain how the buyer's accountability to the salesperson influences the effects of trust on cooperation taking into account culture. The model covers a small portion of the distinct types of accountability in the buyer-seller exchange relationship. The model only addresses the buyer's accountability to the salesperson due to the outcome. In future research the other accountability relationships could be incorporated to understand how each audience and all audiences combined may affect the long-term orientation. Additionally, the inter-cultural (among cultures of all types including national cultures, organizational cultures, etc.) influences need to be incorporated to understand the effects of culture on accountability.

CHART 1
Buyer's Accountability

To Whom

	Legitimate/Official	Legitimate/Informal	Illegitimate
For What			
Outcome or	Supplier's Firm	Salesperon	
Process		Salesperon	
Outcome or	Buyer Company	Buyer's Subordinates/Peers	Salespersons' Peers or
Process	Buyer's Boss	Salespersons' Boss	Subordinates

FIGURE 1



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THE INFLUENCE OF CONSULTING ORIENTED SALES MANAGEMENT PROGRAMS ON CUSTOMER RETENTION AND LONG-TERM PROFIT GROWTH

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ABSTRACT

Despite growing academic interest in business-to-business relationship marketing, learning orientation, and market orientation, there has been little research into the role of sales management programs designed to build customer relationships by solving customer problems and enhancing product value. Despite growing senior management recognition of the necessity of fostering partnering customer relationships, most sales force programs remain transaction oriented. This paper discusses similarities and differences between sales consulting, consultative selling, salesperson customer orientation, market orientation, and learning orientation. The author argues that consulting oriented sales management programs provide the firm with a source of sustainable competitive advantage in industries where buying firms seek partnering relationships, due to the rarity of competent sales consulting and the difficulty of competitors to imitate consulting skills. The author discusses the theoretical bases for expectations of a positive relationship between consulting oriented sales management programs and selling firm performance. The study sought to measure the impact on performance from consulting oriented sales training, post-sales training, evaluation, and compensation. The results of a survey of 148 industrial firm sales managers indicate that consulting oriented salesperson evaluation is a significant influence on customer retention. The strongest influences on profit growth are consulting oriented sales training and consulting oriented post-sales training learning. A composite variable of all elements of the consulting oriented sales management program is a significant influence on profit growth, suggesting the complementary nature of these programs. The results suggest the importance of intrinsic motivation, learning goal orientation, and behavior-based controls in sales consulting. The author discusses possible explanations for the results and offers implications for sales managers.

SALES CAREER PREPARATION IN THE PHILIPPINES

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ABSTRACT

This study examines Philippine business student preparation, attitudes toward sales and achievement motivation, and preference for careers in sales and marketing. First, 26% of students expect to work in marketing/sales, but most major in other business disciplines. Second, marketing students and those intending to work in sales scored higher on a sales career scale. Third, neither gender nor grade-point-average impacted career choice. Managers are presented with a discussion and implications of the study.

INTRODUCTION

The preparation for and attitudes of potential applicants toward careers in sales, especially in the Pacific Rim, have important implications for global marketers. Given the importance of commerce between North America and Asia--where trade exceeded $580 billion in 2001 (Tradeline 2002)--it is imperative that high-quality human resources enter international sales careers. To better gauge the existing situation, it is imperative to understand how perspective job-seekers prepare for and perceive potential sales careers. The three purposes of this exploratory study are to examine: (1) whether college major is an indicator of intended career, (2) how students score on international sales career and achievement motivation scales, (3) if college major, gender, sales experience, or grade-point averages (GPA) influence intentions toward sales as a career path. Based upon the findings, implications for global marketers are developed.

U.S. student attitudes and perceptions of sales careers have been extensively investigated. For example, Paul and Worthington (1970) concluded, regardless of major, that students held low opinions of sales careers. Student accuracy of industrial salesperson roles and requirements, in regard to a sales career, are often misperceived (Dubinsky 1981). The perception of sales as a "door-to-door activity," remains widespread among college students (Weeks and Muehling 1987). However, when students complete greater numbers of marketing, personal selling, and sales management classes they report more positive attitudes, as well as being more predisposed to sales careers and, as the academic performance (e.g. GPA) of students increase, the appeal of a sales career appears to diminish (Swenson et al. 1993). Also, there are mixed findings regarding female interest in sales careers. Females, in contrast to males, were significantly more reluctant to enter sales-related fields (Cook and Hartman 1986); but, females have been shown to be more favorably predisposed to personal selling than males (Muehling and Weeks 1988).

Over the past decade, a series of studies have focused on sales careers in the global arena. When proffered a list of 16 career options, New Zealand business students most preferred marketing management and international sales (Ford, Honeycutt, & Joseph 1995). A study of Philippine students concluded that international sales garnered high appeal as a career even though most (88%) respondents had no sales experience or exposure to sales topics in university classes (Honeycutt et al. 1996). When salary level was increased in the choice set, Philippine students selected international sales as their first career choice (Honeycutt, Ford, and Stanton 1997). Finally, in a comparison of students from the U.S., New Zealand, and the Philippines, Philippine students said international sales careers were exciting, challenging, and offered travel opportunities. Yet, perceptions did not correlate with age, GPA, sales experience, or completed sales courses (Honeycutt et al. 1999).

RESEARCH EXPECTATIONS

Previous research influences the expectations of this study. First, most empirical studies conducted in the U.S. conclude that students hold low opinions of sales careers (Paul and Worthington 1970; Bellenger et al. 1974; Swinyard 1982; Swenson et al 1993; Honeycutt et al. 1999). Given the limited information that exists on perceptions of sales careers in emerging nations, this study believes student intentions to work in sales positions will be lower than for other business careers. Stated more formally:

H1: *Philippines students will have less interest in sales as a career.*

Second, given the necessity for emerging nations to engage in global business, what type of academic preparation do Philippine students pursue for a sales/marketing career? While limited research has been conducted in the Philippines, the expectation is that marketing students will exhibit a higher preference for sales careers. This is because U.S. marketing majors, and those who had worked in sales, were more likely to select sales as a career (Swenson et al. 1993). Therefore, hypothesis two is:

H2: *Students who major in marketing are more likely to select sales as a career.*

Third, students who had completed more than one marketing class exhibit a higher preference for selling then those who were enrolled in their first marketing class (Swenson et al. 1993). That is, individuals who self-select a career are more likely to possess positive attitudes toward that career. For the purpose of this study, respondents who plan on pursuing sales careers are expected to score higher on a sales scale. Stated more formally:

H3: *Respondents planning a sales career will score higher on the sales scale.*

Fourth, Bagozzi (1980) recommended that people who scored highest on achievement motivation should be recruited for the sales force. If there is indeed a link between achievement motivation and sales success, a first step is to see if students who expect to work in sales score higher on that scale. The following exploratory hypothesis is offered:

H4: *Students who plan a sales career will score higher on the achievement motivation scale.*

METHODOLOGY

Students completed an in-class survey that asked them to designate their current university business major, followed by a question that had them select the field of commerce they most likely would enter. Then, three questions assessed respondent understanding of the expectations of this chosen career. The second area of investigation included the completion of: (1) a sales scale utilized by Swenson et al. (1993) and (2) an achievement motivation scale (Bagozzi 1980). The Swenson et al. (1993) scale includes ten items that assess one's level of confidence and comfort about entering a sales career. The achievement motivation scale is comprised of eight items that measure the individual's enjoyment of work and likelihood of engaging in work rather than participating in other activities. Both scales were rated by respondents using a five-point Likert system with "1" being strongly agree and "5" representing strongly disagree. Finally, demographic data were gathered that could be used for analytical purposes. One hundred thirty-four business students who were completing classes at the University of the Philippines-Diliman (UP-D), the main campus located in a suburb of Manila, participated in this study. The students ranged across Juniors (24%), Seniors (34%), and MBA students (42%). Since the responses of undergraduate and graduate students were similar, the sample was combined for analytical purposes. Mean age for the respondents was 22.91 years, with the average age of the undergraduates being 19.9 and MBAs 27.2. Seventy-four percent of respondents had no previous sales experience and 69% possessed no prior managerial experience. Fifty-six percent reported receiving a sales-related lecture in school. The mean grade-point average was a U.S. equivalent of 3.32 with a range of 3.94 to 2.75 for the entire sample.

RESULTS

Accounting was the largest reported academic major (35%), followed in turn by economics (19%), marketing (13%), and management (9%). While accounting is the largest major at UP-D and the largest component of this sample, sales/marketing is the largest area students expect to work. Such a finding does not provide support for H1. Conversely, 15 of the 17 (88%) marketing majors expect to work in the areas of marketing/sales. This is contrasted by 13 of the 46 accounting majors and only one of the 25 economics students that expect to work in their respective fields. As a result, H2 is supported. Marketing/sales is the largest intended career area with 35 (26%) respondents who stated they would enter this field. Since there are only 17 marketing majors, a majority of those who plan on working in marketing/sales as a profession are pursuing other fields of academic study. This implies, and is supported statistically, that a minority of the students 40 (30%) are "on-track" by majoring in their intended career choice. Twenty-seven

(27%) of respondents report that their career will be in multiple fields, meaning they are either undecided or plan on working in areas that span disciplines, e.g., software sales manager.

Students were placed into "on-track" and "off-track" groups and a series of T-tests were performed to determine if there were significant differences regarding their understanding of career expectations. No significant differences exist for the following questions "I have a good idea what my career would be like" (p=.457) and "I know the good points and bad points of my future career" (p=.721) between on-track and off-track students. However, on-track students were significantly (p=.008) more likely to disagree with the statement, "I do not know what to expect when I go to work in this career." This indicates, with limited support, that "on-track" respondents have a clearer idea of what to expect when entering the workforce. Next, responses to the international sales and achievement motivation scales were examined. Alpha for the achievement motivation scale was 0.82 in comparison to previously reported scores of 0.60 (Bagozzi 1980) and 0.74 (Hart, Moncrief, and Parasuraman 1989). The alpha for the sales scale was 0.73, confirming that both scales exceed the minimum reliability criteria of 0.70 (Hair et al. 1995).

A series of T-Tests and ANOVAs were conducted on the achievement motivation and international sales scales. Regarding international sales scores, no significant differences were found for gender, degree (UG versus MBA), and previous management or sales experience. However, those intending to work in marketing/sales, regardless of major, scored significantly higher (p=.002) on the international sales scale than those selecting other professions or being undecided. Thus, support is provided for H3.

Students were classified into high academic success, average academic success, and low academic success groupings based upon GPA ranking. Those students within plus and minus one-half standard deviation of the mean were considered to exhibit average academic success, while those residing outside one-half standard deviation, above or below, were considered to exhibit high or low academic success, respectively. Initially, an ANOVA was performed on all three populations and results did not confirm significant differences (p=0.148). Upon review of the means, however, there is a statistically significant difference between respondents exhibiting average academic success (mean = 36.1) and high academic success (mean = 33.9). Next, a series of two-way comparisons were executed and results confirm that a significant difference (p=.029) exists for the international sales scale between average and high academic success students with average students scoring higher. No significant differences exist between low academic success and average students (p=.302) or above average students (p=.336).

Regarding the achievement motivation scale, T-tests did not reveal significant differences between students studying marketing and other majors, "on-track" versus "off-track," gender, and respondents reporting management or sales experience. In addition, those who expected to work in marketing/sales did not score significantly higher (p=.586) on the achievement motivation scale than those choosing other fields of employment. Therefore, H4 is not supported. Students who had attended a lecture or presentation given by a sales executive or sales information programs sponsored by the business school scored significantly higher on the achievement motivation scale (p=.058). This indicates that the 75 respondents who attended career-oriented seminars were more highly motivated than the 53 non-attendees. A similar analytical procedure was employed on the achievement motivation scale and academic success. Initially, an ANOVA was executed with all three populations indicating a significant difference (p=.036) between groups. Subsequently, a series of two-way comparisons were completed. Results reveal that a significant difference exists for achievement motivation between above average and both below average academic success (p=.022) and average academic success students (p=.06); however, the results are counter-intuitive. Those classified as low academic success scored highest (30.6) on achievement motivation, followed in turn by average (30.3) and high academic (27.5) success groups.

DISCUSSION

Students in this sample were primarily accounting (35%), economics (19%), and marketing (13%) majors. UP-D offers two undergraduate degree programs: the BSBA in Accountancy (468 majors) and the general BSBA without concentration (322 majors). Those students taking the general BSBA and the MBA program (enrolls 227 students) specialize by selecting elective courses (Zamora 2002). One explanation for the large percentage of accounting respondents—in addition to being the largest UP-D business program--is that accounting, and especially a CPA, is a highly respected profession in the Philippines. Interestingly, a number of accounting majors admit that they will pursue a different career path. This infers that many Philippine students do not view their university major as leading to their impending career. There are at least two explanations for this finding. First, parents may exert influence on their children to earn a professional degree, even though they may not pass the CPA or work in accounting. Second, 20% of the respondents reported they would work in multiple fields, which suggests that when students enter college, few know what they will do after they graduate. Since students can select electives under the defined curriculum, many take a combination of courses in various areas in the hopes of being better equipped in the job market.

When "on" and "off-track" groups were compared, the "on-track" group was more aware of what to expect in their career. However, some uncertainty about career accuracy appears to exist for all students. Perhaps, this is driven by the sample's lack of "real-world" experience. As reported by Swenson et al. (1993), students who intend to work in sales and those who are exposed to sales lectures scored significantly higher on the international sales scale. This may be due to respondents self-selecting to attend sales lectures and decide upon career intentions. Like an earlier study (Honeycutt et al. 1999), GPA does not influence sales attitudes, but lower GPA students scored higher on the achievement motivation scale. This infers that lower performing students believe they must work harder once they enter a career, since most Philippine firms would prefer to hire an "honors" graduate. Most importantly, respondents who had attended a sales lecture scored higher on the achievement motivation scale, which supports an earlier study that concluded that motivation achievement is important for sales satisfaction (Bagozzi 1980). Future research might examine the meaning of such a potential relationship.

IMPLICATIONS FOR GLOBAL MARKETERS

Generalizing from a single sample in one country is risky, but it appears that global corporations can find applicants for local or third-country sales positions in emerging nations like the Philippines. In fact, students who expected to work in marketing/sales comprised the largest group of respondents. Since more than half of the marketing/sales career group was educated in other academic disciplines, global firms may need to train and socialize applicants for sales jobs in the areas of customer orientation and sales skills. Global sales firms may also want to have their local office conduct career presentations to interested students at the more prestigious colleges and universities. Such activity would inform students in emerging nations about sales career opportunities, but also may motivate them to consider a career in sales. If global firms can gather attendee names, they will acquire a pool of potential job applicants. Global marketers can also screen potential sales personnel by providing student internships, and establishing links with business schools in which they clearly communicate their needs for student skill sets. In this way global firms accomplish two important outcomes: enhancing the image of sales careers and attracting highly qualified indigenous human resources for this most important firm position.

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IS THERE SIMULTANEITY IN SATISFACTION, VOICE, AND ALTERNATIVE ATTRACTIVENESS IN CHANNEL RELATIONSHIPS?

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ABSTRACT

The paper investigates antecedents and consequences of satisfaction, alternative attractiveness, and voice in a Marketing Channel context. It proposes and tests plausible simultaneous or bi-directional (nonrecursive) associations between satisfaction and voice, and satisfaction and alternative attractiveness using structural equation analysis.

The results are somewhat surprising. Although a nonrecursive structural model is a weak test of directionality among its variables (a longitudinal study would be more appropriate), in the study voice directly affected satisfaction, rather than vice versa. Satisfaction indirectly affected voice, but the effect was weak and moderated by investment in the relationship. This implies that in the study, satisfaction was not very likely to increase being vocal, as previously thought (but not tested until now), and that instead, being vocal was much more likely to increase satisfaction.

Alternative attractiveness directly affected satisfaction, rather than the other way around. Satisfaction indirectly affected alternative attractiveness, but the effect was weak and moderated by several other variables. This implies that in the study, satisfaction was not very likely to reduce alternative attractiveness, as is widely believed, and that instead, alternative attractiveness was much more likely to reduce satisfaction.

Overall, the study suggests that the antecedents of relationship satisfaction may include voice, alternative attractiveness, relationship investment, and switching cost. Although it is quite risky to generalize from a single study, channel relationship managers might consider increasing opportunities for exchange partner voice. They might also consider reducing the attractiveness of their exchange partners' alternative relationships (e.g., using comparative communication), increasing partners' investment in the relationship, and increasing partners' switching cost.

The full article is available at www.wright.edu/~robert.ping .

THE EFFICIENCY OF HEURISTIC IDENTIFICATION OF NOISY VARIABLES (HINOV) IN DATA MINING

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ABSTRACT

Significant efforts in marketing research have addressed the problem of classifying people or objects into homogeneous groups. By this, it is meant the delineation of groups of consumers who show similar behavior within segments and different behavior across segments with respect to some marketing variables, such as brand preferences, product class consumption, and so on. In market segmentation applications, a large number of different sets of variables - benefits sought, psychographics, demographics, self-concept measures - have been used as criteria for segmenting markets.

Although cluster analysis is one of the most frequently used procedures to segment markets using various data sets to identify data-based market segments, it is not without process problems. One such problem has been the selection of the "best" subset of variables on which to cluster. If this task is not done carefully, variables containing little clustering information, i.e. noisy variables, would be included in the analysis and cause misleading results. That is, the resultant clusters are not representative of the "true" market structure which is masked by the noisy variables. Heuristic Identification of Noisy Variables (HINoV)" is an algorithm developed to help in isolating the potential noisy variables prior to clustering (Carmone, Kara, and Maxwell, 1999). The resultant clusters are denser clusters (market segments) than would have been obtained using a variable set that included these noisy variables.

One obvious limitation of most algorithms that try to provide solutions to the variable selection issue has been computational limitations; that is the large number of observations and the number of variables in a data set prevents computing a solution. This is a major constraint for practical marketing research applications. The prime objective of this research is to examine the efficiency of an algorithm like HINoV in analyzing a very large data set (100,000 observations and over 100 variables). Analyzing predictive accuracy of clusters separately and then comparing these results to analysis of the complete data set are presented. Implications for marketers and researchers are discussed.

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A GENERALIZED MODEL FOR ASYMMETRIC EFFECT OF PRICE ELASTICITIES INCORPORATING NEIGHBORHOOD PRICE EFFECT AND INCOME.

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ABSTRACT

Research related to asymmetric effect of price elasticities shows contradictory results about market power. This paper proposes measuring asymmetric effect of price elasticity employing: (1) neighborhood price effects and (2) consumer income effect. The results show conditions under which the asymmetric effect of absolute price elasticity favors a given brand.

QUALITY-VALUE PERCEPTIONS AND SATISFACTION IN AN E-SHOPPING ENVIRONMENT: ASSESSING THE IMPACT ON E-SHOPPING LOYALTY

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ABSTRACT

Characteristics unique to online environments have prompted scholars to call for research to examine the extent to which the chain of effects among perceived service quality, perceived value, and customer loyalty is similar to that found in traditional retail and service venues (Parasuraman and Grewal, 2000). Additionally, conceptual models of the chain of effects among perceptions of quality and value and behavioral outcomes in online environments have yet to integrate the role of customer satisfaction. Therefore, the purpose of this study was to provide a better understanding of the simultaneous relationships that occur among quality, value, satisfaction, and customer loyalty when consumers shop online.

Because there is a paucity of research regarding the interrelationships among the study's variables in online environments, the conceptual framework for the online shopping model was drawn primarily from the relevant research in the retail and services literature. The study proposed that e-shopping loyalty would be directly and positively predicted by shoppers' perceptions of e-service quality and e-shopping value as well as e-shopping satisfaction. Perceived e-service quality and perceived e-shopping value were expected to positively impact e-shopping loyalty indirectly through e-shopping satisfaction as well. Finally, perceived e-shopping value was predicted to be positively influenced by shoppers' perceptions of online merchandise quality and e-service quality, but negatively influenced by perceived e-shopping sacrifice.

The literature related to each variable in the model served as a guide in the development of the measures; however, well-established scales for most of the constructs were not readily available. Consequently, with the exception of the instrument used to measure e-shopping satisfaction, the scales were primarily exploratory. Because research indicates that consumers frequently use traditional stores as a reference point for their satisfaction judgments (Szymanski and Hise, 2000), shopping in traditional stores served as a reference point for respondents' perceptual evaluations.

Data for the study was collected using a mail survey distributed to the online apparel customers of a U.S. based company. The structural model employed to test the theoretical e-shopping model supported seven of the nine hypothesized relationships. Overall the findings suggest that online shopping loyalty is less directly influenced by value-driven cognitions than by satisfactory shopping experiences. More specifically, online shopping loyalty was directly and positively impacted by e-shopping satisfaction and, to a lesser extent, perceived e-service quality. Furthermore, e-shopping satisfaction mediated the effects of perceived e-shopping value and perceived e-service quality on e-shopping loyalty. Finally, perceptions of online merchandise assortment, merchandise price, and time and effort influenced e-shopping satisfaction and e-shopping loyalty indirectly as antecedents of perceived e-shopping value.

In conclusion, online merchants were encouraged to consider the simultaneous impact of efforts to improve the various factors used by customers to evaluate their online shopping experiences. Limitations of the study were discussed as well and directions for future research were presented.

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THE EFFECT OF SERVICE QUALITY AND CONSUMER TRUST ON RETAIL WEBSITE LOYALTY

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ABSTRACT

This paper considers the effect of service quality on retail web site loyalty and the role that consumer trust has on this relationship. The concepts of service quality, site loyalty and consumer trust are first explored and a mediation hypothesis is formulated where consumer trust is suggested to mediate the effect of service quality on retail site loyalty. Research is conducted via the internet among a sample of customers of an internet service provider in Malta that report having purchased an item over the internet during the four weeks preceding the survey date. Results indicate a situation of partial mediation. The implications of the results are discussed, limitations are noted and directions for future research are indicated.

THE INTERNET AND 'BRICK AND MORTAR' MARKETING: SOME EMPIRICAL INSIGHTS FROM BOTH SIDES OF THE ATLANTIC

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ABSTRACT

This paper examines the effects of rising Internet adoption on recent Canadian and British property buying behaviour. Among its key findings are the increasing (but non-dominant) use of the medium for realty information search (in Canada to a greater extent) and the importance of online service provision in lowering 'offline' expectations.

INTRODUCTION

Over the last few years, businesses in both the B2C and B2B sectors have strategically integrated Internet-related technologies in diversifying their service portfolio, and delivery and communication channels (Parasuraman and Zinkhan, 2002). This phenomenon, which was initially observed among publishing, entertainment and financial services companies (de la Torre and Moxon, 2001), has increasingly become evident in the real estate sectors of major advanced economies, including the USA, Canada, and the UK.

AREAS OF EXPLORATION

Previous effort to study trends in realty-related Internet usage and strategies has focused mostly on North America (for example, NPD Group, Inc., 2001). Cognizant of the importance of comparative insights (Bartels, 1969; Tharp and Cundiff, 1989; Lynch and Beck, 2001), this present study draws upon British and Canadian property buyer samples in exploring the following research issues: the effect of the increasing availability of online realty information on property buyers' perception of the more traditional information sources; the demographic correlates of Internet adoption for realty purposes; the impact of the realtor's provision of complementary online services on property buyers' 'offline' service expectations; and the effect of Internet usage on property buyer-realtor relationships.

CONCEPTUAL FRAMEWORK

Reaching the Property Buyer

Among the several strengths of the Internet are the enhanced speed, ease and economy with which new customers in new markets can be reached (Fox, 2000; Scarborough Research, 2000; NAR, 2001; Rheault and Sheridan, 2002). Although the medium's capabilities allow estate agents to advertise to prospective buyers in local and international markets, and continuously update their service portfolio, 24 hours a day, seven days a week, at a fraction of the cost of other media, including radio and television (Hamill, 1997; Rheault and Sheridan, 2002), the Internet's relative effectiveness in reaching prospective property buyers and leading to a property purchase (that is, compared to the other traditionally successful advertising tools like newspaper, word-of-mouth, outdoor advertising [Terpstra and Sarathy, 1991]) is yet unclear. There is no doubt, however, that it has provided advertisers and their agencies with a revolutionary new means of reaching prospective customers (Shimp, 2000; Jud and Roulac, 2001). Employing this cost-efficient medium (Fox, 2000; NAR, 2001) to communicate with potential property buyers has become particularly important given recent indication that Internet usage for real estate purposes is increasing at a significant rate (NPD Online Research and Media Metrix, Inc., 2000). That this might also apply to the other advanced economies focused upon in this paper is suggested by the generally high, and rising, Internet connectivity and usage levels in Canada and the UK (Kyle, 2000; Industry Canada, 2002; BBC, 2002). Hence (P1): <u>The Internet is likely to be the most dominantly used source of real estate information among recent property buyers in the UK and Canada</u>.

Furthermore, considering that Canada leads online penetration levels among G7 countries (OECD, 2001; Neilson Net Ratings, 2002), including the UK (60 per cent of the Canadian population are online compared with 31 per cent in the UK - Industry Canada, 2002; BBC, 2002), it is expected that (P2): <u>A higher proportion of recent property buyers in Canada are likely to use the Internet as a source of real estate information compared to their UK counterparts</u>.

Demographic Profile of the Internet-using Property Buyer

Several attempts have been made in the literature to identify the key demographic characteristics associated the 'typical' Internet user, and, more recently, the 'Internet shopper'. This, apparently, is aimed at assisting real estate businesses in their customer segmentation and targeting efforts. Based on previous research evidence, the 'typical Internet user' could be said to be a young (thirty-something year old - Forrester Research, 2000; Jupiter MMXI, 2001; NAR, 1999, 2000), affluent (Forrester Research, 2000), well-educated male (Forrester Research, 2000; Scarborough Research, 2000). It is arguable, however, that the rising trend in Internet penetration levels across countries, particularly the more economically advanced ones, is likely to make demographic factors such as gender, age and formal education less important in predicting individual buyer Internet adoption. This reflects previous evidence of some 'flattening' in the demographic distribution of Internet users (OECD, 1998). Hence: Canadian and UK property buyers who use the Internet for realty purposes are not likely to differ from their non-Internet using counterparts with regard to gender (P3), education attainment (P4) and age (P5).

Given, however, the typically high value, high involvement nature of 'brick and mortar' purchases (Schiffman and Kanuk, 1997), it is proposed that Canadian and UK property buyers with higher levels of annual income are more likely, than those with lower incomes, to use the Internet for realty purposes (P6).

Complementary Online Services, Property Buyer's Expectations and Relationships Strengths

Apparently reflecting the trend in the so-called 'Internet economy', real estate operators are increasingly using the Internet not merely as a promotional medium but as a platform for offering a diversified portfolio of value-adding online services. In addition to creating their own personalized Web pages, communicating with prospective and actual property buyers via e-mail and offering relevant packages that facilitate customized property search (for example, 'IBM Real Estate Solution' - IBM Press Release, 1998), some estate agents also provide 'virtual tours', which allows buyers to get an in-depth pictorial analysis of the property offered, at their own convenience (for example, www.3dvisit.com, a Canadian virtual tour portal, attracts over 250,000 visitors per month - 3D Visit, 2001).

A recent relevant study, for example, found that whilst traditional homebuyers inspected an average of 15.1 homes and spent 6.7 weeks with an agent prior to making a purchase, those who used the Internet averaged 7.9 homes and 2.2 weeks respectively (CAR, 2001). This, according to Fox (2000), is because those who use the Internet approach the real estate representative with a 'ready-to-buy' frame of mind, having taken advantage of the complementary services offered online. It is possible therefore, that these home buyers will demand less offline service (or face time') from their estate agent. Hence (P7): Property buyers who used the Internet to facilitate their property purchase process are likely to expect less offline service from their estate agents. Also, Internet-using property buyers in Canada are likely to expect less offline service from their estate agents than their UK counterparts (P8).

Consistent with the need to maintain necessary competitive differentiation within the online environment (where competitors are only a mouse click away - Ward and Lee, 2000; Conway, 2001), strategically astute realty businesses have increasingly integrated customer relationship management best practices (including effective mining of relevant electronic database(s) on current and prospective customers' buying habits and needs) into their online operations. This reflects the view in the previous literature regarding the importance of the Internet in assisting realtors toward providing better targeted, more customized service to customers (i.e. reflecting individual client's specific requirements on price, size of property, location; mortgage options, furniture selection, etc.), and improving relationships with them (Fox, 2000; Ernst and Young, 2000; Sakalauskas and Ibeh, 2003). Hence (P9): Internet adoption will lead to better relationships between estate agents and property buyers.

METHODOLOGY

Following preliminary interviews with relevant real estate professionals in Canada and the UK, two separate, pre-tested, questionnaires were administered to recent property buyers in Toronto and Ottawa (Canada), and Glasgow and Edinburgh (Scotland). These locations were chosen as they are the largest and most urbanized centers in Canada, and Scotland. It was also thought that they would offer a large sample of recent property buyers and real estate organizations. Furthermore, the four cities appeared to be experiencing growth at levels broadly similar to their overall national markets (Scottish Government Office, 1998; CBC News, 2002; NAEA, 2002).

Overall, 700 recent property purchasers - 400 from the UK and 300 from Canada - were identified as comprising the sample frame for the study. The relative distribution reflects the UK's larger population and the greater flexibility of its real estate organisations in providing property buyers databases. The number of questionnaires returned at the final cut-off date was 135. Further screening revealed that all 135 questionnaires were suitable for inclusion in the analysis. Considering the overall trend toward lower response rates in survey research (Baldauf, Reisinger, and Moucrief, 1999; Ibeh, Brock, and Zhou, 2003), the combined response rate of 19 per cent, from the Canadian and British recipients, is deemed sufficient to support the simple statistical analysis intended. It should also be indicated that the response rates from all four cities are within a similar range, between 17.3 per cent and 20.5 per cent, further suggesting that the respondents' sample is broadly representative of recent property buyers in Canada and the UK.

ANALYSIS AND FINDINGS

Reaching Property Buyers through the Internet

Aggregate analysis in Table 1 suggests that although 90.7 and 70.4 per cent of Canadian and British respondents, respectively, indicated having access to the Internet in their own households, only 64.8 and 43.2 per cent, respectively, reported using the medium at some point during their property purchase process. More importantly, only 25.9 and 23.5 per cent, respectively, identified the Internet as their initial source of realty-related information. This suggests that the Internet is still less important than such traditional communication media as newspaper and word-of-mouth (Terpstra and Sarathy, 1991), which were respectively found to be used more frequently by the surveyed Canadian and British property buyers.

Taken together, the foregoing suggests a lack of support for P1, that the Internet is likely to be the most dominantly used source of real estate information among recent Canadian and UK property buyers. Whilst the medium might have re-shaped the overall delivery of realty-related communication, it has not totally replaced the traditional methods of reaching prospective property buyers (Shimp, 2000). There was, however, some support for P2, that Canadian property purchasers are likely to employ the Internet in sourcing realty-related information (including selecting estate agent) to a greater degree than their UK counterparts. Although the Internet usage figures observed among the surveyed Canadian (64.8%) and British (43.2%) property buyers are not significantly different, further analysis revealed that websites ranked higher (third) among communication methods employed by Canadian property purchasers, compared with their counterparts in the UK (fifth).

Demographic Characteristics and the Internet-using Home-buyer

Analysis results suggest that contrary to H3 and H4 of this paper, gender and educational level are meaningful predictors of realty-related Internet usage in both Canada and the UK. As can be seen from Table 2 below, Canadian and British Internet-using property buyers are more likely to be male (68.8 and 52.3 per cent respectively) than female (57.9 and 32.4 per cent respectively). They are also more likely to have postgraduate education (81.8 and 51.4 per cent respectively) than secondary/technical education (0 and 31.4 per cent). This supports the findings in most previous research (e.g. Forrester Research, 2000; Scarborough Research, 2000) (See Table 2). The situation regarding age (H5) and income (H6) is, however, not so clear-cut as they cannot be generalized across the Canadian and UK samples. Whilst realty-related Internet usage is observed to be most prevalent among the under-25s (80%) and those earning less than $50 000CDN (75%) in Canada, it does not seem as popular among corresponding demographic groups in the UK, where the realty-related Internet user is likely to be older (26-45 age range), with higher annual income (75% earn £60 000 and over per annum). This suggests that those who use the Internet for realty purposes in Canada might be younger and less 'wealthy' than their UK counterparts, reflecting, perhaps, Canada's relatively higher Internet penetration levels.

Complementary Online Services, Property Buyer's Expectations and Relationships Strengths

Table 3a suggests that complementary online services such as property listings (by 82 and 91 per cent of Canadian and UK respondents respectively), customised searches (by 60 and 62.5 percent of Canadian and UK respondents respectively), virtual tours (by 47.5 and 27.5 per cent of Canadian and UK respondents respectively), and the provision mortgage / financial information links (by 31 per cent and 27.5 per cent of Canadian and UK respondents respectively) seem to be popular among recent property buyers in Canada and the UK. These Canadian and British realty customers, indeed, seem to have responded favourably (Sterne, 1996) to the efforts by estate agents to leverage Internet capabilities in offering more tailored, value-adding services (Peck, Payne, Christopher and Clark, 1999). In addition to widening the estate agent's service portfolio, these online services also enable them to better cope with the increased traffic arising from the overall growth in the property market (Hoffman, 1999).

Another important message from the above finding is that recent property buyers seem to be employing the offered online services to engage in relevant background research that had traditionally been undertaken by estate agents. They, therefore, might be better prepared and knowledgeable, and could approach the estate agent with a 'ready-to-buy' frame of mind (Fox, 2000); this could result in reduced demands on, and expectations from, their estate agents (See Table 3b). As the analysis results in Table 3b shows, only 17.2 and 31.4 per cent, respectively, of Canadian and British Internet-user respondents expected their estate agents to provide 'very high' or 'high' level of offline service. The corresponding figures for property buyers who *did not* use the Internet are 58.1 and 67 per cent respectively. This observed higher service expectation levels among the non-Internet-users could be explained by their relatively lower information / knowledge-base; they therefore require more offline services and more estate agent's 'face time' (CAR, 2001; Fox, 2000) to 'get up-to-speed'. The foregoing provides some support for P7. It also supports P8, that Canadian property purchasers are likely to expect less from their real estate representatives than their UK counterparts.

Analysis results also suggest that the Internet usage is significantly linked to having a strong relationship with real estate representatives: 62.2% and 61.3% of Internet-user UK and Canadian respondents respectively reported having strong business relationships with their realtors, as against 37.8% and 38.7% of non Internet-user respondents who indicated so (see Table 4). Also significant is the seeming enduring nature of those property buyer-realty relationships initiated online (more than a third of respondents from both Canada and the UK that used the Internet for property information search have revisited their realtor's websites since after their property purchase). These results support P9, and suggest the importance of the online channel in strengthening marketing relationships in the real estate sector (Gummesson, 1999; Dodds, 1999; Griffith, 2000).

SUMMARY, CONCLUSIONS AND IMPLICATIONS

This paper has sought to improve understanding regarding the effects of increasing integration of Internet-related technologies in the real estate sector on the behaviour of recent property buyers in Canada and the UK. It assessed the relative impact of this new medium on the property buyer's ranking of realty-related information source(s), their 'offline' service expectation levels, and the strength of their relationship with estate agents. It also explored the demographic profile of the Internet-using Canadian and British property buyers.

Survey results suggest that though the Internet is increasingly used as a source of real estate information in Canada and the UK (to a greater extent in the former), it has not, as proposed, supplanted the more traditionally successful methods of reaching prospective property buyers such as newspaper (highest ranked in the UK), word-of-mouth (most preferred in Canada), and outdoor advertising (Terpstra and Sarathy, 1991; Shimp, 2000). Given the rising trend in IT adoption levels across countries however (OECD, 2001), and attendant cost-related efficiencies (Rheault and Sheridan, 2002), real estate businesses need to invest greater effort toward exploiting the Internet's communication (and distribution) capabilities (Varadarajan and Yadav, 2002).

Which demographic segments are most likely to spawn new Internet-using property buyers in Canada and the UK? Going by the present study's evidence, and, indeed, much of the previous literature (e.g. Forrester Research, 2000; Scarborough Research, 2000), realty-related Internet adoption is likely to be most prevalent among the more educated male property buyers. These adopters generally fall within the high income bracket in the UK, but not necessarily so in Canada, where they tend to be less affluent and younger. Real estate businesses should consider these demographic factors in targeting their Internet marketing efforts, whilst remaining alert to possible shifts in research evidence (e.g. the anticipated flattening in the demographic distribution of the Internet user – OECD, 1998).

Another key finding emerging from the study is that realty-related Internet usage appears to reduce the extent of offline service, including 'face time', that Canadian and British property buyers expect from estate agents. This, seemingly, stems from the medium's ability to complement the physical aspects of the realtor's service, further highlighting the importance of such value-adding online services such as customised searches and virtual tours. The foregoing emphasizes the need for realty businesses, particularly in the UK, to maintain an appropriately diversified portfolio of useful online services. It also emerged that Internet usage is significantly associated with stronger property buyer-estate agent relationships in both Canada and the UK. This finding, which agrees with the previous literature (Gummesson, 1999; Dodds, 1999; Mang and Stauss, 1999; Griffith, 2000), could be explained by the medium's capacity to assist realtors in providing better targeted, more tailored service to potential clients, based on the analysis of relevant electronic database(s) on current and prospective customers' buying habits and needs. It also underlines the need for realty firms to emphasise effective Internet-assisted CRM practices, including, ongoing effort to achieve better understanding of clients' characteristics; maintaining contact with previous buyers through e-mail updates (or e-newsletters), and encouraging repeat visits through continual web content updates and other web management best practices (Bond, Seiler, Seiler & Blake, 2000; Morath, 2000).

Finally, it needs to be emphasised that the estate agent remains a fundamental component of the property purchase process - their services were employed by all the property buyers surveyed in the present study. This observed insistence on retaining some interpersonal element reflects the high involvement nature of 'brick and mortar' purchase (Schiffman and Kanuk, 1997), and highlights the continuing importance of the estate agent's offline services (including face time). It also underscores the increasingly accepted view of the Internet as a complement to traditional channels (Porter, 2001; Leamer and Storper, 2001) rather than a synonym for disintermediation (Turban, 2000).

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TABLES (available on request from the authors)

A STUDY OF THE IMPACT OF SHOPPING ORIENTATION ON THE PERCEPTION-VALUE-SATISFACTION LINKS DURING AN ELECTRONIC CATALOG VISIT

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ABSTRACT

Consumer satisfaction with online retailing has been recently investigated (Szymanski and Hise, 2000; Zeithaml, Parasuraman and Malhotra, 2002). However, althought consumer situation shape consumer responses to the traditional or online shopping environment (Bloch, Sherrell and Ridgway, 1986; Bloch, Ridgway and Sherrell, 1989; Hoffman and Novak, 1996; Hammond, McWilliam and Diaz, 1998), few studies consider its role in the online satisfaction process. Based on previous researches, two shopping orientations have been defined here: a "shopping as work" orientation ("*the consumer considers the visit ahead more as a job that has to be done and is oriented toward an efficient experience that accomplishes the job*") and a "shopping as recreation" orientation ("*the consumer considers the visit ahead as being potentially pleasant and expects to gain gratification from the process itself*").

During an electronic catalog visit, consumers are faced with information and product search tasks. Locating or not desired informations or products, and doing so easily, has a strong impact on consumer satisfaction (Meuter, Ostrom, Roundtree and Bitner, 2000 ; Muylle, Monaert and Despontin, 1999, Szymanski and Hise, 2000; Wolfinbarger and Gilly, 2001). As a matter of fact, environmental psychologists recognized the importance of wayfinding, which has been defined as *« the ability to gather spatial information, make wayfinding plans and decisions and execute these decisions "* (Passini, 1984). Perceived legibility is defined as "*the extent to which the electronic catalog facilitates wayfinding*" and should have a strong impact on consumer satisfaction (Spies, Hesse and Loesch, 1997). However consumers also evaluate a traditional or virtual store on its hedonic aspects and may enjoy high or medium level of perceived stimulation (Donovan and Rossiter, 1982; Titus and Everett, 1995; Zeithaml, Parasuraman and Malhotra, 2000; Childers, Carr, Peck and Carson, 2001; Manon and Kahn, 2002). Perceived stimulation is "*the extent to which the environment increases arousal*" (Berlyne, 1973) and should have a positive impact on consumer satisfaction with the electronic catalog visit (Spies, Hesse and Loesch, 1997). A traditional or online store experience is evaluated on both hedonic and utilitarian aspects (Babin, 1991; Babin, Darden and Griffin, 1994; Raman and Leckenby, 1998; Griffin, Babin and Modianos, 2000; Mathwick, Malhotra and Ridgon, 2001; Senecal, Gharbi and Nantel, 2001). What roles do shopping orientations play in shaping the links between perceived legibility, perceived stimulation, online shopping hedonic and utilitarian values and consumer satisfaction?

In order to answer this question, an experiment that manipulated the shopping orientation over two levels was realized. 417 undergraduate and graduate business students participated in the study. In order to test the impact of perceived legibility and perceived stimulation on values and satisfaction, each subject had to visit an electronic catalog – from an online travel agency- with a "shopping as work" scenario and another electronic catalog with a "shopping as recreation" scenario. Subjects were grouped into high or low legibility and stimulation groups. During data analysis, each subject was assigned to one of the four resulting groups using a median split (high on both, low on both, low legibility and high stimulation, or high legibility and low stimulation). A scenario was developed for each orientation and for each electronic catalog. A pre-test was performed to check that the "shopping as work" scenario was perceived as work and the "shopping as recreation" scenario was perceived as recreation. Additionally a manipulation check was introduced in the final questionnaire: "Before visiting the web site, did you consider the visit: as work → as recreation". Our results suggest web site characteristics affects on-line PSV and these effects are moderated by shopping orientation. Among consumers with a utilitarian shopping orientation (shopping as work), perceived legibility has a greater effect on utilitarian value. Among consumers with a recreational shopping orientation, perceived stimulation has a greater effect such that lower stimulation produces lower consumer satisfaction. Our research also suggests that consumers evaluate the hedonic aspects of a web site visit, whatever the orientation. Online shopping hedonic value has a stronger impact on consumer satisfaction when "shopping for recreation" than when "shopping as work." However, online shopping utilitarian value does not have a stronger impact on consumer satisfaction when "shopping as work" than when "shopping for recreation." Consistent with patronage theory, online shopping hedonic value is higher when "shopping for recreation" and utilitarian value is higher when "shopping as work."

MARKETING ORIGIN AND ORGANIC LABELED FOOD PRODUCTS IN EUROPE: TRADE-OFF BETWEEN CONVICTION AND CONVENIENCE STORES

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ABSTRACT

Despite a high value image towards consumers, origin and organic labeled food products have a low market share in Europe. These labels aim at improving food quality and developing sustainable agriculture in rural lagging regions by means of increased added value and premium price. However delivering such created value varies among countries depending on the main channel used for sale.

INTRODUCTION

Among the several labels used to highlight food products in Europe those based on origin (Protected Designation of Origin) or provenance (Protected Geographical Indication) have an increasing number of application at a regional level. The national labels are now illegal with regard to the European regulation in appliance of WTO agreement. Origin labeled food products are mainly present in Southern Europe whereas one can found most organic labeled food products in Northern countries.

Origin and organic labeled food products belong to the high quality segment of the food market. Built by producers and farmers in a push strategy, origin and organic labels aim at improving quality of food products and developing sustainable agriculture in rural lagging regions by means of increased added value and premium price. However delivering such created value along the agro-food supply chain seem to vary among European countries depending the main channel used for sale.

None study previously crossed data from organic market with origin labeled foods' ones. The present contribution uses raw data from Hamm (2002) and Europa database on PDO-PGI labels in a specific way. Data are crossed and analyzed with a hypothesis in mind. Origin and organic labels belong to the same food market segment despite the differences between origin and organic products and consumers too. We assume that organic and origin labeled food products are in competition together. This statement should be astonishing for those who are aiming at developing the organic food market. It is often assumed that organic food consumers are more conscious driven whereas PDO-PGI food consumers seem to be more hedonist-oriented. However, we can observe that at an European level, there is a significant correlation (-0.404) between organic market share and PDO-PGI number of products. The countries with a high organic foods market share have a low one for origin labeled foods and vice-versa. This paper will focus on the place of such specific products within the European food market. We will see successively the market share of food labels (I), their distribution within different sales channels (II). This route will lead us to conclude on positive future of origin and organic labeled food products.

HIGH VALUE FOOD LABELS MARKET SHARE IN EUROPE

Consumers' fears, triggered by food scares and technological developments such as BSE crisis or GMOs regulation changes in Europe, have been translated into serious concern about food safety, ever-increasing demands for quality insurance and more information about product origin. In addition, public awareness of the irreversible damage done to the environment by practices that lead to soil and water pollution, the depletion of natural resources and the destruction of delicate ecosystems has led to calls for a more responsible attitude towards our natural heritage. Against this background, extensive agriculture like organic farming and on-farm processing, once seen merely as a fringe interest serving a niche market, has come to the fore as an agricultural approach that can not only produce safe and native tang foods but is environmentally sound too.

Typical food products and food organically produced have always commanded a higher price than conventionally produced foods, a factor that was previously felt to have hindered the expansion of these products. They are still considered as niche markets. Organically produced foods were once difficult to obtain in other than specialist outlets and local markets; they are now much more readily available on the shelves of the major supermarket chains across

Europe. Nowadays we can also find retailer own-branded origin labeled or organic food products in most of supermarkets. The passage between scarcity to commonness seems so quick for origin labeled and organic food products.

Throughout Europe there is an wide range of strong branded food products. However, when a product acquires a reputation extending beyond national borders it can find itself in competition with products that pass themselves off as the genuine article and take the same name. This unfair competition not only discourages producers but also misleads consumers. That is why the European Union created systems known as Protected Designation of Origin (PDO), Protected Geographical Indication (PGI) to promote and protect traditional food products. These directives (2081/92 and 2082/92) completed those on Organic Farming products (2092/91).

A PDO label concerns foodstuffs which are produced, processed and prepared in a given geographical area using specific know-how. Example: Italian cheese *Pecorino Toscano.* In the case of the PGI label, the provenance must occur in at least one of the stages of production, processing or preparation. Furthermore, the product can benefit from a good reputation. Example: French dry-cured ham *Bayonne.* A food product with Organic Farming label contents at least 95% of organically produced ingredients; it complies with the rules of the official inspection scheme; and it has come directly from the producer in a sealed package.

The factors contributing to the birth of these labels are by now well-known. The European Community developed such systems to encourage diverse agricultural production, to protect product names from misuse and imitation, and to help consumers by giving them information about products' specific characters. It is easy for the consumer to perceive the taste, smell, appearance and consistency of food, but wholesomeness and safety are often difficult or impossible to identify. Food labels are used as quality cues. Consumer responses vary depending of European region but seem to be congruent.

Origin and organic labeled foods are perceived as high quality products. They add value to the food market as several studies pointed out the positive willingness to pay dedicated to such products (Govindasamy and Italia, 1999; Corsi and Novelli, 2002; Govindasamy et al. 2002; Vermeersch et al. 1998). However origin and organic labels concern small amounts of production; they belong to niche markets.

Few is known about market share of PDO-PGI food products. One rare existing exhaustive database is build on number of PDO-PGI labels in countries and products categories[1]. The organic food market share varies from 0.1% in Greece to 4.5% in Denmark, and has a good speed of increasing per year (Hamm et al. 2002).

A specific feature of spread of both PDO-PGI and organic food products can be pointed out. Three clusters of countries appear (Figure 1). Denmark, Austria, Sweden, Finland and Germany have a high and quick increasing market share for organic food products (up than 1%) and a very low number of PDO-PGI labeled food products. France, Italy, Portugal, Spain and Greece have a high occurrence of PDO-PGI labeled food products and a low market share for organic products (less than 1%). In the third group United Kingdom, the Netherlands, Belgium, Luxembourg and Ireland have both low organic market share and low frequency of PDO-PGI labeled food products.

POTENTIALITY OF ORIGIN AND ORGANIC LABELED FOOD PRODUCTS SALES CHANNELS

Usual studies about consumers of organic food products characterize them as affluent, well-educated and concerned about health and product quality (Richter et al. 2000). Similar feature is shown about PDO-PGI food products consumers (Giraud et al. 2001). All studies point out that food scares as BSE, E. coli contaminations, pesticide poisonings, as well as concerns over GMOs, have stimulate interest in organic and origin labeled foods.

Environmental protection seems to be the second most important concern. However the ITC (1999) notes inconsistencies in several countries between political views of self-described environmentalists and their shopping habits. With a cross-cultural approach, most studies indicate that German consumers can be considered the most green-oriented and discriminating with respect to organic credentials (Lohr 2001). While south European respondents

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[1] europa.eu.int/comm:agriculture/qual/en/pgi_01en.htm

seem to be more enthusiastic towards every proposed item about organic farming but are not able to make great discrimination between them (Sirieix and Schaer 2000).

The high green commitment level of some consumers results in a relatively small base of interested consumers towards organic and origin labeled food products. Distinction between regular and occasional consumers is commonly used to describe driving forces and brakes of this market (Michelsen et al. 1999). Consumers can choose between different sales channels: supermarkets, bakers/butchers, speciality or organic food and fair trade or dietetic food shops, direct sales (farmers markets and weekly markets). It seems that regular organic consumers are oriented towards speciality shops and direct sales and consider these short retail channels as a convenient guarantee of products authenticity while occasional consumers are more oriented towards supermarkets (Richter et al. 2000).

The dilemma between dedicated short channels but small market share and wide potentialities of supermarkets but less involved still exists on organic food market. According to Lohr (2001), the analysis of data confirms that the future of organic food products significantly consists with developing sales in supermarkets (Figure 2). European countries where organic food products are mainly sold in supermarkets obtain a good market share for this kind of products. It is the case for Denmark, Austria, Finland and Sweden. However this factor does not explain all marketing channels. Germany, which has a peculiar situation regarding green commitment, obtains a good market share for organic foods without a good rank for organic foods sold in supermarkets.

An other understanding of this phenomenon is to distinguish between *conviction* stores that address to green-oriented citizen consumers demand and *convenience* stores that offer organic and origin labeled products towards current shoppers (Pontier 1997). Bakers/butchers, speciality food shops, delicatessens, farmers and weekly markets belong to the category of *conviction* stores. Supermarkets have a bigger size than convenience stores but belong to the same eponymous category regarding retail distribution of origin and labeled food products. It is interesting to observe that *conviction* stores offer *destination* products while *convenience* stores offer *interception* ones both with organic and origin labels (Pontier 1997).

It is not sure that occasional consumers can become regular ones. Daily shoppers can not transform themselves as militant consumers. The first are more price sensitive and likely to seek organic and origin labeled products in supermarkets while the second are more healthy conscious and a bit reluctant to frequent supermarkets (Richter et al. 2000). The main threat for price premium of organic and origin labeled food products is that supermarkets are more resistant to charge high premiums than speciality stores. This result is pointed out by Lohr (2001) and suggested by Chintagunta (2002). When analysing data we find a negative and significant correlation between ratio of organic food sales in supermarkets and index[2] of organic food premium price in Europe (Figure 3).

Finally, market reality should not discourage those who are involved in developing organic farming. Marketing origin or organic labeled food products could not give at once a good rate of return and a great turnover. Official labels on origin and organic food products are used as extrinsic cues. It is interesting to observe that such cues can increase consumers' perception of value of these products. This result is congruent with Teas and Agarwal findings (2000). The future of origin or organic labeled food products appears positively between regular and occasional consumer demands, as long as marketing strategy could be optimized between speciality shops and supermarkets.

CONCLUSION

For a consumer who is frequently uprooted and stressed by his/her urban environment, the emotional content of cooking location, from the area the food is produced is now even greater. Under homesickness consumer becomes identity seeker. Origin and organic labels respond to this need to identify lost roots or memory of happy holidays in rural area. Because of their relational content, origin and organic labels give a meaning to taste. Origin and organic labels provide both a means for busy people living in large urban areas to re-energize themselves and a means of identification with the area of production.

[2] The index of organic food premium price is the ratio between the number of products with consumer price premiums more than 20% above the weighted EU average price divided by the number of products with consumer price premiums more than 20% below the weighted EU average price (author's own calculation on data from Hamm (2002).

More generally, the demand for origin and organic labels is to be found somewhere between habits and breaks. The reference to tradition makes modernity tolerable. The future of origin and organic labels food is strangely supported by development of novel foods. The arrival of highly technological products should also result in a demand for compensatory products, and so favor the increasing of origin and organic labeled foods. There is a complementarity between highly technological products and foods with origin and organic labels. Consumers are looking for safety and taste. They could balance their food habits by purchasing the two kinds of products. The housewife's shopping basket contents both novel and typical foods. With origin and organic labeled foods, consumer seeks to be reassured by native tang products. With novel foods, he/she is looking for ready-to-eat meals with a controlled healthy content.

Organic farmers tend to be exclusive (organic or conventional farming, not both). It is not sure that this scheme will follow within consumer behavior with respect to food. Consumers' approach of origin or organic labeled food products differs from producers' one. Producers, and most researchers too, are focusing on origin or organic label with territorial voracity (Tregear 2000). Consumers are focusing on origin or organic label with confidence voracity. The definition of strict rules and high standards to obtain origin or organic label is obviously necessary. But it is so far away from consumers' perception. We are thinking about origin or organic labeled food products while consumers are mainly eating them. Consumers give an affective response not a cognitive one towards food. This is definitively a chance for the origin or organic labeled food products market. It means that future of origin or organic labeled food products is more based on sales in *convenience* stores (supermarkets) than in *conviction* stores (speciality shops).

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Figure 1. Market Share of Organic or PDO-PGI Food Products Within European Union

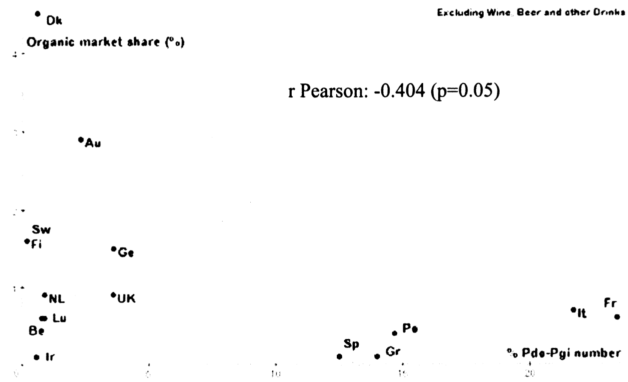


Figure 2. Relationship Between Organic Market Share and Organic Foods Sold in Supermarkets in EU

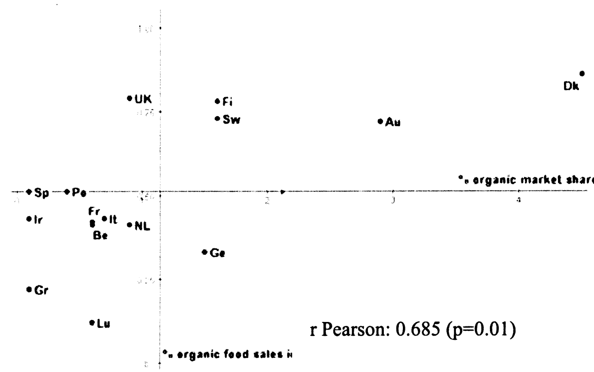
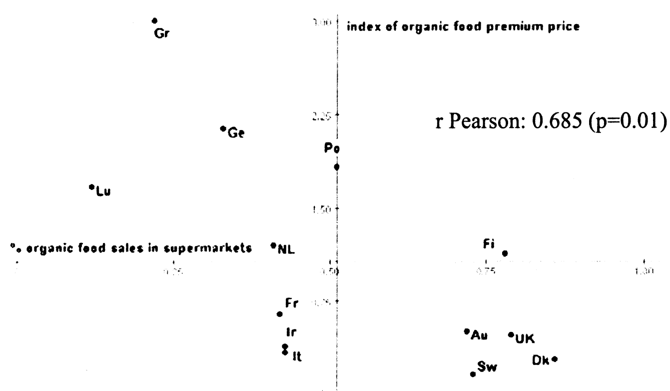


Figure 3. Relationship between organic food premium price and organic food sales in supermarkets in EU



EXPLORATORY RESEARCH ON INTEGRATED WEB-BASED KNOWLEDGE MANAGEMENT IN A CUSTOMER CONTACT

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ABSTRACT

In the Internet era, organizations are compelled to transform themselves because of technological advancement and changing business models. Concomitantly, there has been growing interest in treating knowledge as a significant organizational resource for attaining sustainable competitive advantage (Argote and Ingram 2000; Grant 1996; Rulke et al. 2000; Teece et al. 1997). The research intends to investigate how integrated web-based knowledge management (IKM) strategy affects the company's customer contact activities.

Knowledge is considered the basic economic resource of a firm (Martin 2001; Achrol and Kotler 1999; Drucker 1993). Companies utilize knowledge management infrastructure to manage interactions that are directly related to customers, competitors, and other market forces such as suppliers, distributors, and publics and are necessary for planning strategies for ensuring customer relationship be more successful. The web-enabled integrated knowledge management (IKM) infrastructure in this study is believed to entail both knowledge management systems and information systems that are either self-owned or outsourced. It is supported by pillars of systems, network capabilities, or data capabilities for customer contact activities including pricing, reporting, technical support, internal and external communications, and an overall support platform.

The researchers conducted an onsite interview in one of the Fortune 100 industrial companies. The interviewees included operation and management personnel in functions that have direct contact with customers and/or prospects, namely customer services, customer interface, marketing, technological services and development, and telesales. On the basis of case study findings, the researchers proposed an integrative framework for knowledge-based customer contact. In the proposed framework, knowledge-based contact behaviors are influenced by both quality and communicability of IKM and their effect is to be moderated by knowledge-sharing culture and structure. Importantly, such contact behaviors may lead to increased customer profiling, life-time value, and loyalty, which in turn lead to improved financial performance.

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AN INTERNATIONAL COMPARISON OF THE USE OF CODES OF ETHICS IN THE MARKETPLACE: AUSTRALIA AND SWEDEN

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ABSTRACT

This research was conducted in the Australian and Swedish private sectors. The objective of the study was to describe the use of codes of ethics in the marketplace by the top companies operating in Australia and Sweden. The outcome of this research shows that large organisations in both Australia and Sweden indicate a substantial interest in using codes of ethics in the marketplace in conjunction with current business activities. There are also differences in the ways that the companies in each country implement their codes of ethics in the marketplace.

MODELING THE EFFECTS OF CORPORATE IMAGES AND BRAND IMAGES ON BRAND ALLIANCE EVALUATION: A CONTINGENCY APPROACH

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ABSTRACT

Previous research on consumer evaluation of brand alliances focused on the role played by brand-related perceptions in shaping attitude toward alliance. The present study proposes that consumer perceptions of the allying firms, that is, corporate images of alliance partners, are also likely to be instrumental in shaping consumer attitude toward brand alliances. Based on extant research, two conceptual models of alliance evaluation are presented and propositions related to the effects of corporate images are developed. In one of the proposed models, both brand-related and firm-related perceptions are shown to contribute to alliance evaluation. In the other proposed model, only firm-related perceptions are shown to contribute to alliance evaluation. A contingency approach to model salience is suggested whereby it is proposed that certain circumstantial factors (conditions) determine which model would be the most potent (salient) in explaining consumer attitude toward brand alliance. The conditions that guide model salience may arise out of artifacts related to empirical research procedures that use fictitious entities and also out of consumers' cognitive and/or experiential knowledge and perceptions of real brands and firms.

THE PROCESS OF ESTABLISHING BRAND RELATIONSHIPS: ANTECEDENTS AND OUTCOMES

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ABSTRACT

This paper attempts to give a broad overview of how several research streams (relationship marketing, brand image, brand loyalty, brand personality, brand equity) relate to one another in respect to brand relationships. A conceptual model, including consumer-side (brand image, brand personality, brand attitude, consumer trust, consumer commitment, product satisfaction, congruence, propensity for relationships, and product importance) and brand-side antecedents (marketing actions, brand commitment), and outcomes (brand loyalty, relational satisfaction) of the brand relationship are described. Based on the conceptual model, research propositions are also presented.

References available upon request.

THE BULLWHIP EFFECT: AN INTRA-ORGANISATIONAL APPROACH

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ABSTRACT

This research applies the construct of bullwhip effect in a non-traditional context. It is explored in intra-organisational echelons. It is argued that the bullwhip effect in a company's inventory management of inbound and outbound logistics flows depends in part upon the gap between the degree of speculation and postponement of business activities. It is also argued that the bullwhip effect is caused by the value adding of business activities in supply chains. The study shows that there is a potential bullwhip effect between companies' inbound and outbound logistics flows. A see-saw model of the bullwhip effect, and a typology of the bullwhip effect in intra-organisational echelons, are introduced. The term "reversed bullwhip effect" is also introduced. Finally, a model of the bullwhip effect-scenarios in a dynamic business environment positions these contributions in a wider theoretical and managerial context.

CULTURE THEORY IN GLOBAL MARKETING RESEARCH: AN ASSESSMENT FROM THE LITERATURE

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ABSTRACT

Global marketing research is an expanding body of work on the complex enterprise of marketing goods and services in a range of geographies and political/economic/socio-cultural conditions. From 1976 to 1982, only 112 empirical papers on global marketing were published, whereas from 1983 to 1990 the number more than doubled to 230 (Albaum and Peterson, 1984; Aulakh and Kotabe, 1993). While a rise in the volume of scholarly work is evident, less apparent is whether it is achieving the goal of knowledge advancement. In an often cited review, Albaum and Peterson (1984, pp.161-162) concluded that the global marketing literature is "fragmentary, generally atheoretic, and not sufficiently programmatic to offer anything than simplistic and incomplete insights...."

In 1990 Clark proposed a solution. He argued that culture theory, because of its inherently integrative nature, could bring coherence to and direct the expanding knowledge. More specifically, culture offers a mechanism for explaining similarities and differences in marketing phenomena at the country, region, or other socio-political-geographic level and for a host of buyer and managerial concerns. The specific purpose of this study was three-fold: 1) describe the presence and types of culture theories appearing in global marketing studies from 1990 to 2000; 2) identify the research domains or topics that have incorporated culture theories; and 3) to discuss the future direction for culture theories in global marketing research.

The methodology used in this study was content analysis of the literature, an approach considered appropriate for and frequently applied in assessing states of knowledge (see Boddewyn, 1981; Clark, 1990; Sekaran, 1994). Since the primary thrust of this study was to understand conceptualizations of culture, we first identified the leading scholarly outlets in marketing, international business, and international marketing using the most recent quality rankings (Dubois and Reeb 2000; Hult, Neese, and Bashaw 1997). Next all global marketing articles appearing in these outlets from 1990 to 2000, a total of 468 studies, were content analyzed.

One of the major findings was that culture theory was present in a minority of studies, approximately one-quarter (26%). Importantly, though, inclusion increased significantly in the second half of the decade over the first half. A fifth (22%) of the studies in the first half applied a culture theory, and this proportion jumped to almost a third (31%) in the latter part of the decade. The findings suggest that, while culture theory is likely far from being the lead theory in global marketing research, it is moving toward a prominent role. A second major finding was the greater application of culture theory to buyer behavior, especially among consumers. This pattern might be in response to an urgent need to understand social influences on individual traits and actions and the resulting patterns by geography. Nonetheless, there remain many relatively under-explored topics using culture theory, such as marketing strategy, pricing, entry modes/operations, and market structure. Thirdly, we determined that culture theory is used mostly implicitly (59%) rather than explicitly. Knowledge advancement was likely constrained by implicit use, which does not stringently test the utility of theories. The culture theory predominantly found used analog (82%) and double empirical (81%) forms (81%), which are less preferable to others in terms of rigor, complexity, comprehensiveness, and empiricism. The most commonly found theory was Hofstede's universal factors.

All in all, we learned that culture theories are making significant inroads, offering the potential to advance the field as suggested by Clark. Nonetheless for culture theories to fulfill their promise, they need to be applied more broadly and systematically. A greater variety of culture theories, especially with stronger ontological and epistemological bases, would likewise strengthen their contributions to the field. We recommend also recommend a greater emphasis on theory development.

THE EFFECT OF CULTURE ON GLOBAL NEW PRODUCT DEVELOPMENT PROCESS

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ABSTRACT

Over the last two decades companies have been extending their operations on a global scale to reduce costs and also developing new products to improve sales. However, going global has taken on a new meaning recently; for today's businesses, it is not only taking operations offshore to reduce labor costs but also developing *global* products that can be marketed in multiple country markets. Unfortunately, there has been little research on the global new product development process. We attempt to fill this gap by conceptualizing the impact of culture on the global new product development process by using hedonic/utilitarian consumption theory.

INTRODUCTION

The study of new product development (NPD) has become increasingly important as many firms attempt to increase their market share by introducing new products and expanding into global markets. In an age of fierce global competition, shrinking product life cycles, and ever-changing trends, NPD has become a crucial survival strategy for many businesses.

While there is considerable amount of research that particularly analyzes the NPD process from a domestic perspective, much less attention in the literature has been given to how the NPD process changes when firms produce global products. Similarly, the effect of culture on the NPD process has been largely overlooked, except for a few cross-cultural or single country studies (Song and Parry 1997; Souder and Song 1997). While these studies are important in understanding the similarities and the differences between the American culture and foreign cultures, they do not address the special issues concerning the effect of culture on the global NPD process. We attempt to fill that gap by analyzing the role of *culture* on the *global* NPD process in this paper.

We examine the possible effect of culture on global NPD process by reviewing and integrating the literature from past and current research in new product management, marketing, and psychology. The literature review is followed by a brief summary of how a global product is different from a regular product. Hedonic-utilitarian consumption theory is used to derive research propositions and develop a conceptual model. We conclude with a discussion and future research directions.

LITERATURE REVIEW

Interestingly, the question of whether culture has any effect on the NPD process has been of little interest to academic researchers in NPD area, with the exception of Nakata and Sivakumar (1996). However, the importance of studying the link between successful NPD and culture is apparent since the concept of multi-cultural teamwork has been and will continue to be the common theme in analyses of the NPD process (Song and Parry 1997; Eisenhardt and Tabrizi 1995; and Olson et al. 1995).

Global New Product Development Process

Global products are different from domestic products since they are designed to cater to multiple country markets (Subramaniam et al. 1998). An important aspect of the development process of global products is that it considers the requirements of multiple country markets (Bartlett and Ghoshal 1989) and the distinctive attributes each culture attaches to these products. A vast majority of global products are neither totally standardized, nor unique for each country since they are transformed in various ways to cater to multiple country markets (Boddewyn et al. 1986).

Subramaniam et al. (1998) finds global new product processes to vary with respect to team composition and sources of new product concepts. Golder's (2000) finds that in the 'Idea Generation' stage of NPD process, companies employ multi-country product development teams. During market introduction, some companies use managers from other countries where the product has already become successful. In the 'Technical Evaluation and Product Development' stage, Golder (2000) finds that U.S. companies are more likely to work toward big breakthroughs in NPD whereas Japanese companies are more likely to rely on continuous incremental improvement due to the high cost of failure for individuals within Japanese society. These findings are important for understanding the unique dynamics of global product development because they emphasize the specific challenges in developing *global* products.

In this paper, we specifically address how *culture* shapes the *global NPD process* in terms of *number of the modifications* that a product has to go through before it can become a global product, *idea generation, team structure, and marketing and R&D integration* as explained by the *utilitarian* and *hedonic* attributes of products. In our analysis, we use the concepts culture and NPD in their broadest interpretations. Hofstede (1994) defines national culture as the "collective programming of the mind which distinguishes the members of one group or category of people from those of other." The nation is often used as a proxy for culture because of the inherent difficulties in defining culture (Clark 1990). NPD is defined as the process of conceiving and creating a new product and outcomes of the process (Nakata and Sivakumar 1996).

THEORETICAL BACKGROUND

Levy (1959) notes that 'people buy products not only for what they can *do*, but also what they *mean*'. This line of thought went forward during the 1960s to incorporate the notion of congruence between the lifestyle a consumer chose and the symbolic meaning of the products he/she purchased (Levy 1963). Hirschman and Holbrook (1982) define hedonic consumption as those facets of behavior that relate to the multi-sensory, fantasy and emotive aspects of product usage experience. Emotive aspects of hedonic consumption include feelings such as joy, jealousy, fear, rage and rapture. The seeking of emotional arousal is a major motivation for the consumption of certain product classes such as novels, plays, and sporting events (Holbrook 1980). With regard to such purchases, Hirschman and Holbrook (1982) argue that the consumer is concerned not so much with what the product is as what it *represents*. Utilitarian consumption, on the contrary, is related to functional and non-sensory attributes and focuses on instrumental expectations (Batra and Ahtola 1991).

Hirschman (1981a and 1982b) also finds that ethnic groups, whether defined along racial, religious or nationality dimensions represent complex systems of socialization, educating their members into a certain worldview and enforcing adherence to a set of customs. Hence, an individual tends to treat a product according to the perspective passed on to him from his ethnic group. Similarly, the values shared by members of a given social class or gender affect desires for and responses to products. This finding is particularly important for our analysis because it shows that social groups (nation/ethnic/religious/even gender) vary in the way each group perceives products. As Subramaniam et al. (1998) find, even a simple product such as soap has various culture specific attributes attached to it; Japanese consumers expect the soap to be clean and refreshing, Malaysians prefer it wet and soft while the Chinese want it to remove the oil from the skin. This one example alone is enough to indicate the importance of analyzing the role of culture in the global NPD process.

CONCEPTUAL FRAMEWORK

The framework in Exhibit I and the following propositions represent the relationships among three dimensions of global NPD, namely culture, product and process.

Modification of Global Products

One conclusion of the hedonic-utilitarian theory, which is of primary importance in constructing the following propositions, is that *hedonic* attributes are *culture bound*. In other words, the extent and the nature of the sensory experience of aesthetic or sensual pleasure, fantasy, and fun that the consumers receive from products vary from one culture to another. Accordingly,

P_1: The more a global product is perceived high on its hedonic (utilitarian) attributes, the greater (less) is the extent of the modifications required before the product can cater to multiple country needs.

In other words, the utilitarian products that the consumers judge on functionality, size and format require fewer modifications than hedonic products, which the consumers judge on emotive aspects.

Idea Generation

P_2: The more a global product is perceived high on its hedonic (utilitarian) attributes, the greater (less) is the extent of idea generation in the global NPD process.

What we mean by the extent of idea generation is the frequency with which the modification of a product results in a new product concept and yields new market opportunities in more than one country. We assumed that unlike utilitarian products, the tailoring of highly hedonic products requires more learning, information gathering, and brainstorming processes, which may lead to generation of creative *new* product concepts for a particular market. In some cases, this 'new product' can also be leveraged in other country markets in addition to the intended market.

When Lipton® entered the Turkish market with convenient individual tea bags that the consumers can plunge into a cup of hot water and drink instantly, Lipton® hardly realized that tea drinking is a ceremonial process in Turkey. Turkish people drink tea throughout the day; yet, the high frequency of consumption of tea does not necessarily mean that consumers would sacrifice the quality and taste they get from traditionally brewed tea to instant tea bags. Moreover, Turkish culture values the Confucian dynamic of face-saving (Nakata and Sivakumar 1996) and therefore serving instant tea has different cultural implications on the host and the guest simultaneously. The host would not like to risk her/his good impression on the guest by serving instant tea, which might be taken as a sign of laziness. On the other hand, the guest might feel insulted by the host, who does not care enough about the guest to take the time to brew tea.

As a result, when sales failed to meet expectations, Lipton® changed the concept of the individual instant tea bags into a new product concept: pot tea bags. These were tea bags specifically designed for brewing in a teapot for a long period of time and larger in size. When the concept of pot bags was successful, Lipton® found a new way to introduce the new product in American market, where cold soft drinks are popular: ice-tea bags!

P_2, consistent with **P_1**, also suggests that if a product (e.g., keyboard) is perceived to have primarily utilitarian attributes then consumers' expectations will not vary much from one country to the other. Even if there is some variation in the expectations, these will be based on a few objective criteria (i.e., size, format, and functionality) that can easily be satisfied with slight modifications and does not necessarily require new information/idea generation.

Team Structure

P_3: The more a global product is perceived high on its hedonic (utilitarian) attributes, the greater (less) is the frequency of cross-country team utilization in the global NPD process.

The assumption here is that the companies that produce products with high hedonic attributes utilize cross-cultural teams more frequently than the companies that produce products with high utilitarian attributes in the "globalization" process of those products. During the global NPD process of products with high hedonic attributes, companies may employ cross-country teams to enhance the level of information about the specific needs, wants and expectations of the various cultures from the product. In other words, companies create teams with members from different countries (or heavily involve members from the target market's culture), instead of forming domestic teams, to ensure the outcome of successful products when the product has more hedonistic attributes than utilitarian attributes.

Similarly, we propose that the higher the utilitarian attributes of a product the more the differences in the expectations of multiple countries will be based on objective criteria and since objective criteria are easier to communicate among the parties involved in the development process, utilization of cross-country teams is not a 'must' in global development of successful utilitarian products.

R&D and Marketing Integration

P_4: The more a global product is perceived high on its hedonic (utilitarian) attributes, the greater (less) is the extent of R&D and Marketing integration in the global NPD process.

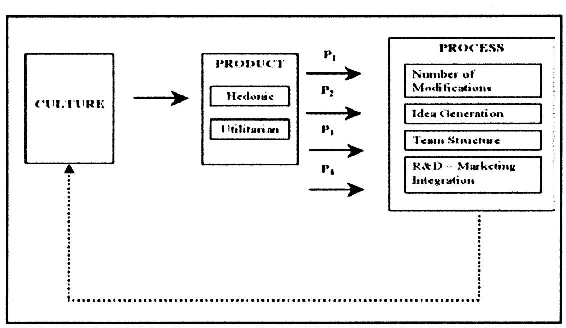
Here, we propose that both the degree and the nature of integration between R&D and Marketing will become more important in companies that produce global products with high hedonistic attributes than for those companies that produce global products with high utilitarian attributes. Gupta et al. (1986) expressed that the amount of integration may vary with respect to certain factors (such as uncertainty of the environment and or the strategy of the company). They hypothesized that the greater the environmental uncertainty perceived by an organization, the greater the need for R&D-Marketing integration (Gupta et al. 1986).

Similarly, we propose that high hedonic attributes of a product will result in increased uncertainty in the process since understanding hedonistic attributes such as appearance, taste, smell, feeling, and prestige is a complex process that involves subjective judgment while the communication of utilitarian attributes such as size, number of functions, differences in measurement and voltage involve objective criteria. Therefore, we suggest that the R&D-marketing integration would be higher and relationships among employees would be closer in companies that produce products with high hedonic attributes than for those companies that produce products with high utilitarian attributes.

In propositions P_3 and P_4, we argue that the products with high hedonic attributes will affect the NPD process in two ways: by more *frequent utilization of cross-country teamwork* and *greater R&D-Marketing integration*. A natural conclusion of these arguments would suggest that the impact of the development process of products with high hedonic attributes on culture would be more than the impact of the development process of utilitarian products. In other words, more frequent utilization of cross-country teamwork will eventually affect the culture within which highly hedonic products are being produced. For example, the utilization of cross-country teams will bring people from different countries of the world together and will result in personal integration among the members of the team for the duration of the project. When the project is finished and the team dissolves, the members will take the new information, skills and perspectives they have acquired and start applying them in their company or home country. This transfer of information among cross-country team members will, in the long run, show its impact on the culture (at the national, regional, or company level) they come from. Although brainstorming about the potential combined outcome of P_3 and P_4 and recognizing the impact of the *process* on *culture* is an important intellectual activity, testing this relationship scientifically is very hard and beyond the scope of this paper. Therefore, we show this relationship with a feedback loop in the conceptual model but do not consider it a proposition.

CONCLUSION

The four propositions presented in this paper aim to explain, from a hedonic-utilitarian consumption perspective, how culture affects and transforms the NPD process when the product being produced is a 'global product'. The specific relationships among culture, product and process are analyzed, respectively. The unique nature of global products, in terms of the distinct way they are modified to cater to multiple country needs, requires a model of analysis, which is presented in Exhibit.



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A CROSS-CULTURAL COMPARISON OF BUSINESS STUDENTS' PERCEPTIONS OF JOB MARKET SUCCESS AFTER SEPTEMBER 11TH

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ABSTRACT

This study examines how the September 11th terrorist activities, global terrorist activities, and economic situations influence business students' perceptions of their success in the job market. It was conducted across six countries to determine whether these factors differentially affect business students in various cultures.

INTRODUCTION

The attack of September 11th on the United States was an event of broad magnitude that affected both the United States and the entire international community. The social, economic, and psychological impacts of this event are likely to vary from country to country as a result of cultural norms and frequency of terrorist activities. One interesting aspect is the impact on job behaviors among individuals about to enter the workforce. If a relationship exists between terrorism and perceptions of professional success, September 11th could have major implications for business firms.

The perceptions that business students have in relation to professional success may impact their choice of jobs within the business field and their motivation to achieve success within these jobs. Job market success was chosen as the focal point of the study because it can have a long-term impact on the future of corporations and business schools. The perception of potential professional success may impact an individual's behavior on the job, his/her job search, and also his/her performance at a university or college. Furthermore, the effort devoted to studies prior to graduation could be significantly influenced by students' perceptions of future job market success. Business students were chosen for this study because they are likely to have a heightened sense of awareness of the effects of world events on businesses and resulting effects on job market success.

This study was conducted across six countries in order to see the impact that different economies, cultures, and terrorism levels have on perceptions of job market success: Australia, Austria, Ireland, France, India, and the United States.

TERRORISM IN THE UNITED STATES

The United States has been relatively sheltered from terrorism over its history, but since the attack on September 11th, residents of the U.S. have been forced to realize that they are not immune from growing worldwide terrorist activities. The psychological and behavioral reaction of Americans to the terrorist attacks shows that there were short-term impacts on individuals (Daniels 2001; Stocking Up 2001). Whether the September 11th attack will have long-term psychological impact is unknown.

The immediate impact on U.S. business included layoffs, terminations, decreased travel allowances, curtailed travel, and the loss of financing and venture capital (Terror's Aftermath 2001; Virgo 2001). The economic effects following the attacks were felt all across the world. There were significant delays in the transport of international goods and a considerable decrease in air travel relating to business and leisure (Bernasek 2002). The attacks of September 11th also affected the job market in ways other than terminations and layoffs. Resourcefulness and the ability to recognize opportunities created by dramatic change are career management skills that are becoming increasingly important in the wake of these attacks. Increased fear and anxiety among employees, a greater need among workers for counseling services, and an increase in absenteeism have all been observed since September 11th (Bernasek 2002; Kirk, 2001). The effects of these attacks should be studied further in relation to job market success to see if there are long-range effects on the business environment.

Overall, the United States has been greatly affected in the short-term by the attacks of September 11th. It is possible that these effects could be long-lasting within the United States but it is unknown whether the attack will have a significant amount of psychological or behavioral impact on other countries.

H1: *The effects of September 11th will be felt more strongly by business students in the United States than by business students in other countries.*

Global Terrorism

Individuals who live in countries with regular terrorist activities or in close proximity to such countries may feel more deeply affected by terrorist activities than individuals living more isolated countries. Of the six countries in this study, India and Ireland would be expected to have higher levels of exposure to terrorism because of frequent terrorist activities within their country and surrounding areas (Anonymous 2002). The United States and France can be seen as having more moderate levels of terrorism because of the relatively infrequent occurrence of such events (Krause 2001). Austria (politically neutral) and Australia (geographically isolated) have low levels of exposure to terrorism (Cooper and Madigan 2001; Hergesell 2002).

H2: *The long-term or short-term effects of global terrorism will be felt more strongly by business students in Ireland and India than by business students in other countries, and less strongly by business students in Austria and Australia than business students in other countries.*

Economy

The more similar the economy of a country is to the United States, the more likely that business students will have similar perceptions of job market success because economic activity tends to have a direct impact on the job market. Furthermore, countries whose economies are closely aligned with the U.S.'s may experience similar impacts. A review of economic literature (Country Briefings 2001; Malehorn 2001; Euro-zone 2002; McManus 2002; AusStats 2002; Cooper and Madigan 2001) identified the strength in GDP growth and unemployment and trends of the economies of the six countries, which were then compared to that of the U.S. for the following hypothesis:

H3: *Business students in countries with economic situations more similar to the United States (Austria, Australia) are more likely to have similar perceptions of job market success than those in countries with more dissimilar economic situations (India, Ireland, France).*

METHODOLOGY

This study utilized a pen/paper survey consisting of forty questions administered to 645 business students in India (n=85), Ireland (n=93), Austria (n=89), France (n=31), Australia (n=157), and the United States (n=181). These countries were selected for a variance in terrorism, economic, and cultural factors with respect to the U.S. Questions were measured on a 1-5, Strongly Agree/Strongly Disagree scale. All surveys were in English with some changes made in demographic questions depending on the country. The business students who were surveyed were, for the most part, native to the country in which they were surveyed. Data collection was done between January 1, 2002 and May 1, 2002. The authors administered surveys in the United States, France, and Austria. Cooperating faculty in Ireland, Australia, and India assisted with data collection in those countries. Face-to-face group interviews were conducted with some students in Austria, Ireland, and France after they completed the survey. Multi-item measures were developed for economic perceptions, terrorism perceptions, and September 11th perceptions. Data were analyzed using stepwise regression analysis for two dependent variables: expectations for finding a job upon graduation and expectations for finding a job within 6 months of graduation.

RESULTS

Factor Analysis

A principal components analysis was done using varimax rotation because the independent variables were expected to be correlated. The rotated factor solution resulted in eight factors which extracted 62.3 percent of the variance. The eight factors generally reflected dimensions of perceptions of the economy, terrorism, and September 11th and were identified as direct impact of September 11th, personal impact of September 11th, long-term impact of September 11th, global terrorism effects, direct impact of terrorism, global economy and job market, perceptions of job market success, and personal worries. Because the items loaded cleanly on the individual dimensions of the independent variables, the eight factors were used as input in the subsequent regression analyses.

Regression Analysis

Hypothesis 1 and 2 were tested by conducting stepwise regressions to determine which of the eight independent variables influenced perceptions of job market success. These stepwise regressions were done separately for each country and for each independent variable. Table 1 shows the significant variables, beta coefficients, and significance levels for the regression equation for each country.

H1 would be supported if the September 11th variables (IV4: Direct Impact, IV7: Indirect Impact, and IV8: Long-term Impact) were significant in the US regression equation but not in regressions for the other countries, or if the coefficient value for the September 11th variable in the U.S. regression was significantly greater than it was in the regression for the other countries. As depicted in Table 1, there were only two instances where any of these three variables influenced perceptions of job market success and both were for the direct impact of September 11th: in Ireland for the expectations of finding a job upon graduation, and in the U.S. for expectations of finding a job within 6 months of graduation. However, in both cases, the coefficient sign was in the opposite direction as expected. A possible explanation for this is that the Ireland surveys were administered in January 2002, relatively close in time to September 11th and that perhaps those students felt that the loss of jobs and business capabilities in the U.S. as a result of September 11th may have somehow increased the potential for jobs in Ireland. The U.S student contradiction could be explained by perceptions that September 11th would result in a better job market because of replacement and/or recovery jobs. At this point, however, that is only conjecture.

IV5 (Direct Impact) and IV6 (in Society) measured the impact of general terrorism (H2). As shown in Table 1, the only regression where either of these variables had a significant influence was for finding a job 6 months after graduation in Australia. The sign of the coefficient was opposite expectations: Australian students' responses indicated that the more they thought terrorism directly impacted their job market or economy, the more likely they were to find a job within 6 months of graduation. However, the question did not distinguish between a positive impact and a negative impact of terrorism, so it is possible that these students felt terrorism in other parts of the world might shift jobs and opportunities away from other countries and to Australia, presumably a safer place. H2, then, is not supported.

Hypothesis 3 proposed that students in countries with similar economic situations to the U.S. would perceive similar factors influencing their job market success. Based on similarity ratings, we expected regressions most similar to the U.S. for Australia and Austria, somewhat similar for Ireland and France, and least similar for India. Based on the number of common variables appearing in the regressions for DV1, Austria was most similar to the U.S. (3/3 common variables), Australia and India were somewhat similar (2/3 common variables), and Ireland and France were less similar (1/3 common variables). For DV2, Australia was somewhat similar (1/2 common variables), France was less similar (a significant regression but no common variables), and Austria, India, and Ireland were least similar (no significant regression variables. These results indicate limited support for H3.

DISCUSSION

Overall, business students did not feel a significant amount of impact from September 11^{th} on perceptions of job market success, unless it was personalized for them. The level of terrorism within each country was expected to have an impact on students' outlook regarding job market success. The results did not support this. It may be possible that those students surveyed feel removed from terrorism because of a general 'it can't happen to me' attitude. For example, when conducting in-depth interviews within Austria, this attitude was common among students. Because this study was exploratory, we were also interested in what factors do influence perceptions of job market success, and whether those factors varied across cultures. The most consistent significant variable across the regressions by countries and the two dependent variables was perceptions of personal job success. This was significant in seven of the 12 regressions (Table 1). The students' ratings of their own abilities was most predictive of future job market success.

This study provides some good news for businesses recruiting students and for the business schools preparing those students. It appears that there are few long-term effects of September 11th on perceptions of job market success unless the event is made salient to job success. Thus, students are not likely to be more pessimistic about careers or change their efforts in preparing for and seeking jobs.

TABLE 1

Stepwise Regression Results by Country

Dependent Variable 1: I expect to have problems finding a job in my field when I graduate.

Country	IV1 Std. Beta (p-value)	IV2 Std. Beta (p-value)	IV3 Std. Beta (p-value	IV 4 Std. Beta (p-value	IV5 Std. Beta (p-value	IV6 Std. Beta (p-value	IV7 Std. Beta (p-value	IV8 Std. Beta (p-value	F-stat (P-value)	Adj. R^2
United States	.356 (.000)	.329 (.000)	.201 (.002)	---	------	-----	----	----	45.982 (<.005)	.428
Austria	.206 (.024)	.244 (.006)	.456 (.000)	----	------	-----	----	-----	20.171 (<.005)	.401
Australia	.343 (.000)	.223 (.005)	-----	----	------	-----	----	-----	22.434 (<.005)	.218
India	.297 (.003)	-----	.378 (.000)	----	-----	-----	----	----	17.074 (<.005)	.279
Ireland	.599 (.000)	-----	-----	-.262 (.010)	-----	-----	----	-----	17.923 (<.005)	.269
France	----	.477 (.008)	-----	----	------	-----	----	-----	8.238 (<.005)	.200

Dependent Variable 2: I expect to find a job in my field within 6 months of graduation. (Reverse-scaled)

Country	IV1 Std. Beta (p-value)	IV2 Std. Beta (p-value)	IV3 Std. Beta (p-value	IV 4 Std. Beta (p-value	IV5 Std. Beta (p-value	IV6 Std. Beta (p-value	IV7 Std. Beta (p-value	IV8 Std. Beta (p-value	F-stat (P-value)	Adj. R^2
United States	-.306 (.000)	------	----	.208 (.007)	------	-----	----	----	8.945 (<.000)	.081
Austria*										
Australia	-.244 (.003)	-----	----	-----	.208 (.011)	-----	----	-----	6.304 (<.002)	.064
India*										
Ireland*										
France	-----	-----	-.435 (.014)	-----	-----	-----	-----	-----	6.776 (.014)	.161

*No independent variables reached .05 significance level for entry into the regression.

Independent Variables:
IV1: Personal Job Success
IV2: General Economy/Job Effects
IV3: Personal Worries
IV4: Direct Impact of September 11th
IV5: Direct Impact of Terrorism
IV6: Terrorism and Society
IV7: Personal Impact of September 11th
IV8: Long Term Impact of September 11th

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SOCIAL EXCHANGE: A SCALE DEVELOPMENT OF INDIVIDUAL DIFFERENCE ORIENTATIONS

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ABSTRACT

Researchers have been intrigued by exchange for decades. Some of the theories of buyer-seller exchange behavior propose that customers' relationships with firms vary in the continuum of discrete transactions to relational orientations (Dwyer, Schurr, and Oh 1987). Furthermore, Morgan and Hunt (1994) offer a general model based on the commitment-trust framework for relationship marketing in business-to-business contexts. These frameworks provide a significant guidance for relationship marketing at the firm level. One avenue of research that has not received much attention revolves around individual differences towards exchange. Individual differences play a significant role on consumers' attitude on variety issues regarding building relationships with brands and firms. Differentiating exchange orientations at the individual level would help better understand consumers' behavior and develop marketing strategies accordingly for marketers. The focus of this study is to examine individual differences in exchange behavior, a phenomenon noted, but rarely examined. The present study attempts to introduce a new instrument, CATE (Characteristic Approaches to Exchange Scale) which is designed to tap into individual differences in preferred exchange styles.

ORGANIZATIONAL CHANGE CAPABILITY: THE THEORETICAL CONSTRUCT AND ITS OPERATIONAL MEASUREMENT

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ABSTRACT

Several different current research programmes in management and marketing address issues relating to learning, entrepeneurship, innovation and change in market oriented organizations. Until recently the different research programmes have developed independently of each other. For example, in strategic management and marketing literatures, work on the effect of market orientation and learning orientation on innovation and organizational performance (Baker and Sinkula, 1999a, 1999b, 2002; Hurley and Hult, 1998) has been independent of research on entrepreneurial orientation and corporate entrepreneurship (Covin and Miles, 1999; Covin and Slevin, 1991; Lumpkin and Dess, 1996), despite having key constructs whose conceptual domains overlap – for example, market orientation, learning orientation and entrepreneurial proclivity are all constructs characterized to some extent by proactiveness.

In addition, although the different research programmes referred to above address issues relating to organizational change (as seen in the way Jaworski and Kohli, 1993, operationalize the responsiveness component of market orientation) they have little explicit connection with research on organizational change management. This is reflected, in strategic management and marketing literatures, by comparative neglect of issues relating to the implementation rather than to the formulation of strategy (Noble, 1999), and by the observation (Lahteenmaki, Toivonen and Mattila, 2001) that organizational learning models largely ignore change management theory.

In this paper the neglect, in strategic management and marketing literatures, of the capacity of an organization to implement and sustain change is addressed by proposing a new construct 'organizational change capability' (OCC). OCC is defined in conceptual terms that make it distinctive from organisational constructs such as market orientation, learning orientation, innovativeness and entrepreneurial proclivity. Its antecedents are discussed, along with proposals for its operational measurement. An integrative conceptual framework is proposed that defines how the key constructs relate to each other and jointly determine organizational performance outcomes. The paper ends with discussion of its managerial relevance and implications for further research.

References available upon request.

RELEVANCE OF INDIAN ETHOS/ETHICS IN MANAGING ORGANIZATIONS IN THE 21st CENTURY

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ABSTRACT

This paper attempts to establish the need for adequate knowledge in human values and the role played by holism to assure unity and harmony in human life as a manager or an operative. In the knowledge economy, self-motivation, self-management, team work and team spirit are essential to achieve double advantage of personal development as well as organizational growth and public good. The twin principles: Value – orientation and Holism in management offer constant rhythm of all managerial functions and the process of management. These are the two sides of the coin of management and organisation involved in any branch of human activities. This paper also illustrates the importance of corporate social responsibility as company's decisions and actions will have an impact on the environment and the society.

INTRODUCTION

Ethics can be described as a system or code of morals of a particular person, group, religion or profession. Ethics refers to moral philosophy or normative inquiry. Ethics can be characterized as an individuals attitude and belief regarding morality. The concept of ethics and ethical behavior needs to be described in relative and selective terms. Ethics generate standards that direct conduct. Ethical decisions reflect an enquiry into the principles of human action, selection from among competing values and resultant action. Joseph A. Patrick and John F. Quiner in their book-Management Ethics: Integrating at Work, have defined "ethics as the systematic attempt to make sense of individual, group, organization, professional, social, market, and global moral experience in such a way as to determine the desirable, prioritized ends that are worth pursuing, the right rules and obligations that ought to govern human conduct the virtuous intentions and character traits that deserve development in life, and to act accordingly".

Ethical management practice consists of individual, managerial, organizational, and social components. Management ethics can be defined as the descriptive and normative study of moral awareness, judgment, character and conduct as they relate to all levels of managerial practice. Individual business judgment and performance can be observed through management ethics in the following ways:

i) Simulation of moral imagination.
ii) Moral identification and ordering.
iii) Moral evaluation.
iv) Tolerating disappointment and ambiguity.
v) Integrating management competence and moral competence.
vi) Eliciting sense of moral responsibility.

Sekhar R.C. in his book titled – Ethical Choices in Business, says that "one can convert values into rules of behavior that can be described as ethics". It would then means that **values plus knowledge equals ethics**, which in business includes values governing commercial transactions not only among persons within organizations and political processes that regulate such transactions. It appears to imply that ethics stand for in an individuals attitude and beliefs concerns what is right or wrong, good or bad. Ethics consists not only of what people habitually do, but also the reasons for their actions.

Literature reveals that there are three ethical perspectives in the western business ethics: Utilitarian, Contractarian and Deontological. Utilitarian approach measures the righteousness or unrighteousness of an action on the basis of the consequences of the action. Whereas Contractarain approach would measure in terms of the service conditions and subsequent contract signed. Deontological approach includes rights and duties, disregard to consequences and the contracts that an individual has agreed upon. A typical corporate practice may be appreciable in one perspective, neutral in second and questionable from the third perspective.

The western business ethics attempt to sustain the development of corporate sectors. They have identified the basic needs of individuals and payment of minimum wages, so that these are sustainable to any employee. The special needs of the personality types should also be paid attention to so that there is harmony in the kind of work one does and the type of personality one has. There is a need to attend to the higher needs of moral and spiritual values to achieve greater productivity through commitment. In fact, Drucker in "The New Realities" also mentions that there is little scope in management and no mention about real human values like honesty, integrity, truthfulness, and genuine feelings of brotherhood.

INDIAN ETHOS AS PER VEDIC NORMS

The two sides of the coin of management and organization: Value-Oriented and Holistic approaches in management. Value-Oriented approach: Includes Intrinsic Wealth, Integrity, Character, Deep concern for others, Private and Public good simultaneously, Self motivated, Self managed, Soul acting as a leader and Manager of multiple human personalities. Holism consists "Harmony, Unity (Oneness) between Human beings, Organization, Society, Ecology and the Universe. This is based on Integration, Synthesis, Collaboration, Teamwork, and Team spirit or Co-operation (Unity in Diversity).

Indian wisdom and insight depicted above, value-oriented holistic approach in management and organization, in any branch of collective efforts would/should act as the base or infrastructure of western management tools and techniques in the process of management. This would/could be the vision in the New People Management and Learning Organization of the 21st Century-***The Century of Consciousness*** – fully developed technology of consciousness. Government, Industry and Management should come together on the basis of Shared Vision, with a commitment to high moral and ethical Values there is a need to have mission of healing body, mind, and soul.

It is necessary to understand the vedantic system(Vedas, Upanishad, Bhagavad Gita) which serves as a guide to management or organization. The vedantic principles are the foundation of Dharma (Righteousness). It has given this highest important to personal and business dharma. The vedantic ethics have laid down four goals for an individual for his "Purusharda", i.e., life objectives. The purpose of human existence is to achieve the goals of Dharma, Artha (Wealth), Kama (Deeds), and Moksha (Bliss). At a personal level pursuit of wealth and fulfillment of needs should be within the limits of the Dharma or Moksha i.e., liberation of the inner spirit. Dharma often included the cardinal principles of Indian ethics. This should be the guiding principle for the managing of business organizations.

Eric Berne, considered a human being as one consisting of three personalities viz; a) Child b) Adult and c) Parent. However, Indian Ethos have conceptualized the man as having a fourth dimension of personality that of a "saint" in whom the ego personality has been expanded to the ego consciousness of all beings and the personal desire has been raised to a collective need.

INDIAN ETHOS AND MODERN MANAGEMNT

The development of science and technology enabled management to achieve phenomenal material prosperity. Management acted as a hand-maid of profit, more money and more money at any cost. Under such management we got external growth at the cost of internal or inner growth. There is no human approach. There is crisis of confidence. Corruption is wide spread. Labour-management conflict is recurrent. Consumer is often by-passed, Nature is exploited, Human welfare is neglected, and ***Soul is lost.***

Values act as base for thoughts, actions, skills, behavior, and will mould good character, i.e. integrity. These values create good persons, good managers, and good organizations. They set good examples in the society. Persons having good character are also self-motivated, self-disciplined and they good leaders. In any society the values, i.e., honesty, truth, loyalty, love, warm and deeper concern for others, compassion, etc., should be given top preference and they will have universal acceptance. At present they are lost in the world. Scams, fraud, bribery and exploitation are common.

Emphasis should be on nurturing human values and holism in all organizations. In management they are called **business ethics.** Values will satisfy hunger of mind, heart, and soul. Then there will be balanced and emotionally stable managers. Hence there will be no need of management of stress and tension common in our managers. In such peaceful minds there will be creativity, innovation, vision, and new ideas. We will have pollution in minds and hearts of people.

Holism is wider than the "systematic approach" to management. It considers human being as ***micro system*** in which all components of our multiple personalities are interconnected, interrelated, and inter dependent. Under holism we have the union of : 1. external and internal growth, 2. object and subject, 3. science and spirit, 4. head, heart and hands, This approach stresses higher, wider consciousness curbing self-interest, vital desires and ego; people will show concern for others as human beings. Thus holism will bring: 1. private and public good, 2. self – managed autonomous teams in the organisation, 3. successful TQM programs, 4. reengineering processes, 5 new people management and learning organisation given by management guru P. Senge, 6. enriched quality of work life, 7.rising income and purchasing power of al people. We consider individuals, globe, and Nature as parts of the whole viz., **universal consciousness.** All parts are interconnected, interrelated ,and interdependent. This union in the global society will give us Global Management in the global Knowledge economy. ***This is the vision under value-oriented holistic management as per Indian Ethos***

CONCLUSIONS

The holistic paradigm brings to focus two startling truths that may revolutionize the management techniques practiced the world over today.

a) Since all minds and all lives are inter connected, a respectful attitude of honesty, help, care and encouragement are necessary for good management.

b) Since a living organization, however bruised, can regenerate itself, when its employees are empowered with encouragement, trust, faith and support are extended to him.

Management has to adopt value-driven holistic approach to offer due satisfaction to multiple stakeholders and solve the problem of pollution due to industrialization. Pollution is now a global problem and global management which is holistic only can assure economic development free from air, water and food pollution.

Modern business is large and complex catering to global markets. It has a definite and extensive influence on economic and social life styles. As a socio-economic institution, a company as to perform all tasks involved in the development and delivery of desirable goods and services from production to consumption. As a social institution, it is also responsible to deliver a standard of living and maximize life quality. The life quality means not only quality and quantity of consumer goods and services but also *enriched quality of the life in society and environment.*

Social responsibility indicates personal responsibility and obligation of managers and employees, as they act in their own interest, to ensure that the rights and legitimate interests of others are in no way sacrificed or prejudiced by their behavior and actions.

To solve the complex problems of today's modern life, one should not just depend on the present literature on ethics. If we visualize the future and search for solutions in the age old Indian scriptures, epics, and other traditional literature, we would find a **treasure house,** provided we broaden our perception of hope for better future with universal foundation of values-both, spiritual and moral.

The table given below depicts the comparative picture of present and future management thought and practice:

Items	Management(Oriented by Science and Technology)	Management(Oriented by Values and adapting Holistic Approach)
1.Belief	Production, Productivity, profit *at any cost*	Material gain, with belief in achieving human and social welfare also.
2.Guidance	Management guided by mind only, led away by ego and desire. Soul-less management	Management by consciousness, power beyond mind, i.e., soul. Interiorised Management.
3.Emphasis	Worker development, Management of others, Profit maximization, Human being given only lip sympathy	Development of Man, Integrated Growth, Harmony, Happiness and Health, Management of Self.
4. Tools	5 Ms as Resources – men, money, materials, machines, markets. Science & technology, Information for decision making.	Men, Machines, Materials and Methods as Conscious Partners – all having consciousness whether manifested or dormant. Information and intuition for decisions. Ethics and values combined with skills.
5.Problem solving	Conflict resolution by negotiation, compromise, arbitration liquidation of differences only for a temporary period. No reference to higher consciousness.	Conflicts resolution through integration and synthesis on stressing super ordinate common goals so that enduring harmony and unity is assured. Self-introspection, stepping back aids for solution.
6.Decision making	Brain-storming (Round the table approach)	Brain-stilling (Room of silence).
7. Development process	Physical, Vital and Mental only. Soul or Spirit ignored. Material development only even at the cost of man and nature.	Integrated Development, Whole-man approach, breath-control and meditation emphasized. Human Enrichment and Total Quality.
8.Approach	External Behaviour Mental, Material, Selfish only, Soulless.	Noble Attitudes, Inner guidance, Team spirit, Total Harmony, Global good.

Source: Ethics in Management, S.A.Sherlekar, Himalaya Publishing House.

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AGENTS OF CHANGE VERSUS STEWARDS OF TRADITION: THE CONTROVERSIAL CASE OF THE AUGUSTA NATIONAL

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ABSTRACT

The ongoing debate in the popular media regarding the National Council of Women's Organizations' (NCWO) demand for women members at the prestigious Augusta National Golf Club (ANGC), host of the world-famous Masters Golf Tournament, is currently raging. Brief profiles of the NCWO and the ANGC including its membership and policies will be presented. Current and potential economic consequences will be delineated surrounding this controversy regarding the impact on the ANGC, the surrounding community, and charitable organizations. Further, possible image ramifications will be discussed. Reviews of the opposing positions relative to female membership will be presented, which will include both the rhetoric that divides and the common ground that connects the agents of change (AC) and the stewards of tradition (ST). Additionally, consumer behavior and marketing management concepts will be considered.

The very public power struggle surrounding membership issues of the Augusta National provides an especially interesting case venue from an academic perspective. It is in this context that internal organizational factors will be considered as well as external environmental factors. Divergent perspectives relative to the agents of change and the stewards of tradition on identified sub-issues will be identified and summarized. For the purposes here, agents of change (AC) are defined as activists that advocate reform relative to specific traditions or particular actions. On the other hand, stewards of tradition (ST) are conventionalists that advocate the preservation of specific traditions or particular actions. These definitions serve as end points on a continuum; individuals could conceivably be philosophically located somewhere between the extreme positions. Further, these concepts will be set forth as situational specific constructs rather than generalized personality traits.

An overview of the topics that will be discussed are categorized below. The major themes are not mutually exclusive categories, but have overlapping qualitities. For each category, the views of the stewards of tradition will be discussed first, while the positions of the agents of change will follow:

1. Differing Views of Internal Members and External Stakeholders
2. Differing Operational Definitions of Discrimination
3. Legal Right Versus Moral Imperative
4. Frivolous Crusade versus Needed Campaign
5. Positives of Historical Record versus Gaps in Historical Record
6. Private Club versus Equal Access
7. Cultural Tradition versus Global Appearance
8. Blow to Freedom versus Expansion of Freedom
9. Consequences of Conceding versus Perils of Ignoring the Calls for Change
10. Rhetoric That Divides
11. Common Ground That Connects

High-profile cases with multifaceted issues such as the Augusta National Golf Club and the Masters Golf Tournament provide an interesting context for needed research in areas of consumer behavior, marketing research, economics, ethics, social responsibility, and diversity. This controversial case is rich in a wide-spectrum of behavioral, managerial, and economic implications. Major emphasis will be placed on the specific marketing management issues, such as external environmental management, stakeholder analysis, image management, and organizational cultural issues.

Because this situation is evolving, the author's intentions are to update the case as changes unfold. An updated status will be shared at the 2003 Academy of Marketing Science meeting. References are available upon request.

THE EFFECTIVENESS OF CREDIT-CARD REGULATION FOR VULNERABLE CONSUMERS

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ABSTRACT

The Federal Reserve Board (FRB) has recently adopted a final rule amending the Truth in Lending Act's Regulation Z, effective October 1, 2001. The present study investigate how vulnerable consumers (i.e., college students) might respond to the revised credit card disclosure requirements and further examine credit card knowledge of college students.

INTRODUCTION

Consumer advocates, in general, bemoan that college students tend to have little knowledge about consumer credit, and consequently are unable to evaluate complex and competing product offerings. These groups also maintain that most college students lack the experience and knowledge to use credit responsibly. Accordingly, credit card issuers are often blamed for pushing college students into debt by making it too easy to qualify for such cards and by making the use of credit appear too attractive. Credit card issuers, on the other hand, have been insisting that the industry has the college students' best interest at heart.

Partially in response to these complaints, the Federal Reserve Board recently enacted changes to the Truth in Lending Act's (1994) Regulation Z (Final Rule 2000). The revisions require, among other things, that the permanent annual percentage rate (APR) in credit and charge card solicitations be disclosed using 18-point type in order to help make the important cost information in credit card solicitations more clear and conspicuous to the consumer. These amendments became effective October 1, 2001. While the amendments affect credit card solicitations to all consumers, the present study focuses on the efficacy of the amendments for vulnerable consumers, specifically undergraduate college students, given the attention this group of consumers has received in the media and from Congress (see e.g., H.R. 3142, College Student Credit Card Protection Act 1999).

RESEARCH OBJECTIVES

The purpose of this paper, therefore, is to investigate how this particular consumer might respond to credit card solicitations that conform to the FRB amendments. To that end, the outcomes of two studies are reported here. The first study features an experiment that attempts to assess the following: (1) whether disclosure of the APR information in credit and charge card solicitations using 18-point type helps college students, when asked to evaluate competing credit card solicitations, to choose the better card; (2) how much knowledge college students have about credit cards in general; and, (3) what factors affect college students' selection among competing credit card solicitations when presented with different situational scenarios. The second study investigates whether there is a difference in terms of knowledge about credit cards between rural (i.e., the population investigated by the experiment in the first study) and urban college students. It, therefore, addresses issues of external validity. It further investigates the relationships among objective knowledge, subjective knowledge and product usage.

References Available Upon Request

GENERATING VALUE THROUGH ONLINE INTERACTION: INDIVIDUAL AND SITUATIONAL DIFFERENCES

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ABSTRACT

Although companies try numerous ways to engage consumers through the online communication channel, consumers have their own preferred level of interactivity at a certain time. The mismatch between such preferences and the interactivity companies provide can result in the poor performance of an otherwise nicely designed online marketing message. Existing research on the online medium, however, has failed to capture such critical individual and temporal differences in interaction preferences. The purpose of this paper is to propose a new construct – interaction readiness – that describes consumers' ability and willingness to interact in an online environment. It argues that it is often the match or mismatch between interaction readiness and the actual level of interactivity provided (rather than the actual interactivity level itself) that defines consumers' responses.

Based on theories and findings from marketing, communication, and psychology, a conceptual framework of interaction readiness is offered. The framework identifies four types of antecedents to interaction readiness: perceived risk, potential value of the interaction, congruency between technology expertise and technology challenge, and individual traits such as sociability and need for cognition. The paper further proposes several research issues concerning interaction readiness such as its dynamic nature and its consequences. Methods for measuring the construct are also suggested.

THE ROLE OF EMERGING COMMUNICATION TECHNOLOGIES IN PROVIDING ADDED VALUE TO CUSTOMERS

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ABSTRACT

This paper explores how the emerging multi-media communication technologies (Internet coupled with cellular phone having Wireless Access Protocol) can be used to furnish information to customers **when** they want it and **where** they want it. Communicating timely information to its most valued customers with the help of advanced information technology not only helps the organization differentiate its services from those of its competitors but also offers added value to its customers, creating customer loyalty in the process.

INTRODUCTION

At the time of writing this paper, Scandinavian Airlines System (SAS) has been running a trial information providing service to its most frequent flying customer segment: passengers who routinely book air travel several or more times per month. Travelers can directly book, cancel, and check flight information through the Internet using a mobile phone and a handheld computer with Web browsing facilities. In addition to sending and receiving mails, customers can download information on to a mobile device. The emerging communication technologies have grown considerably as an alternative channel that poses a plethora of opportunities for businesses.

Companies seeking to use the advanced technologies as a medium for reaching, serving, and maintaining customers' need to first understand what these can do for their particular organization. A useful framework for doing this has been suggested by Ghosh (1998), according to whom, there are four distinct types of opportunities present for companies. First, these technologies provide the companies a direct link to its customers and key relationships. Second, they allow the company to by pass intermediaries in the value chain. Third, they may be used as a means of developing and delivering new products and services for new customers. And last, with their help, the company can gain a competitive advantage in the specific industry and become the dominant player.

This paper examines the airline industry within this suggested framework to identify the role of the advanced technologies as an information provider in giving added value, developing relationships with customers, building loyalty, and retaining customers. The initial parts of the paper are devoted to the discussion of customer loyalty and its relevance to the airline industry. Next, we discuss the importance of information and information quality for customers in general but airline customers in particular. The role of the new communication technology for the airline industry in providing added value to its customers is first highlighted by examining the stages in the consumers' decision making process and then by using Ghosh's (1998) proposed framework as a means for developing and maintaining a customer base.

CUSTOMER LOYALTY

Customer loyalty has been the focus of much discussion over the past decades and brand managers now commonly accept that the key to a firm's success, and consequently profitability, is more dependent on the retention of existing profitable customers rather than trying to woo new ones. According to Reichheld (1996), the longer a customer stays with a company, the more that customer is worth, which makes sense in the face of results from prior research that state that it is cheaper for a firm to maintain current customers than for it to try to win new ones (Dowling and Uncles 1997, Reichheld 1996). In addition, a company's most loyal customers are also its most profitable (O'Brien and Jones 1995). Although firms and its brand managers recognize the importance of retaining its valued customers, creating and maintaining customer loyalty can be a challenge.

Oftentimes, researchers have assumed customer satisfaction and loyalty to be directly related with each other (Richards 1998), arguing that a satisfied customer is a loyal customer. Supporters of this viewpoint have then contended that by merely influencing the factors that determine or improve satisfaction, a firm can retain its customers. Researchers (Reichheld 1996; Straube 1997) have warned that it might be misleading to use satisfaction as a predictor of loyalty.

Sixty-five to 85% of defectors surveyed have reported to be 'satisfied' or 'very satisfied' with their former supplier. Reichheld (1996) stated that it is not the customers' level of satisfaction but the perceived value they have received that keeps them loyal.

Researchers in marketing have repeatedly stressed the importance of providing value to customers in order to create and sustain loyalty (Dowling and Uncles 1997; Kearney 1990; O'Brien and Jones 1995; Reichheld 1996). Too many businesses' analysis centers on profit and little around creating value for customers (Reichheld 1996). An example of such a strategy can be found in the airline industry, where one of the most popular mechanisms employed to retain customers has been the frequent flyer schemes which award users of the services with points that can be exchanged for rewards like free trips, hotel stays and car rentals. Since frequent flyer rewards are now offered by most major airlines, they are no longer useful in differentiating one airline from another and customers do not perceive the frequent flyer schemes as providing any added value to the primary service. Moreover, reward based loyalty programs do not appear to be generating profits or customer loyalty as these schemes are designed to affect carrier choice, not repeat patronage (Kearney 1990).

Frequent flyer programs were originally aimed at nurturing loyalty amongst business travelers but the programs have increasingly included non-business passengers. Instead of focusing on its most desirable core customers, airlines are spreading out their loyalty-generating resources on anyone who is a member of the program. No company can be all things to all people and consumers who are worth more to a competitor will eventually shift loyalties (Reichheld 1996). Treating all customers as equals results in the company offering average-value products and services to everyone, under satisfying the more valuable customers in the process (O'Brien and Jones 1995). Trying to please the less profitable customers also thwarts a firm's capacity to serve its core customers (Duboff and Sherer 1997).

Most reward based loyalty-building fails to address the issue of providing value to the customers. Instead of focusing on reward programs to build loyalty, airlines could examine areas where they can supply their customers with value that motivates them into repeat patronage. The airline industry operates in an extremely information-intensive environment, where most customers would like to have certain types of information but are unable to get it as it is either too time consuming and complicated to procure it, the sources are unreliable or the information is not available when the customer wants it. This is one of the major reasons that travel agents are the preferred interface by a majority of customers for making travel arrangements. By developing a multi-media based information providing system accessible only to its core customers, airlines could provide added worth to its key customers.

In order to study the part of the new communication tools as an information providing system in offering added value, we first examine the role of information and information quality in the airline industry.

INFORMATION QUALITY

The concept of quality has evolved with economies in developed countries moving from a production base to a service base and more recently to an information base. In the manufacturing sector, quality in products was measured in terms of zero defects with an aim of reducing variance and ensuring that products conformed to specifications. All this was focused on the idea that customers expect products to perform reliably.

While quality in products has been measured in terms of zero defects, striving towards quality service may be measured in terms of zero defections of customers. In order not to lose its existing customers, a firm has not only to provide what the consumers expect but give them *beyond* what they expect. Meeting consumers' specifications is not as easy as it may sound, especially when there are dynamically shifting consumer expectations and wide variations in expectations from one consumer to another. Varying expectations makes it difficult to pin down specifications set. In such a situation, the consumers participate in setting specifications rather than the company telling the consumers what to expect. As consumers' specifications change, managers must be prepared to adjust to new quality expectations (Prahalad and Krishnan, 1999).

In the case of information, quality specifications become even more complex as it has been suggested that improving information quality continuously is one of the ways to ensure high-quality information. However, before one embarks on improving information quality, one needs an understanding of the specifications needed for measuring information quality. Wang (1998) has suggested information quality to consist of four categories with each of them having several dimensions. These categories and dimensions are presented in Table 1.

In order to evaluate the relevance and quality of information provided to an airline customer, we examine the different stages in the entire travel experience. The travel trip is perceived here as consisting of partial processes linked together, with each process requiring specific and different information. The reader should note that the stages are outlined with the assumption that a particular airline has already been chosen.

Stage I: Trip Selection: At this stage the customer gathers information on different routes, number of stopovers, day and time of flight departure, flying time, airfare, etc. and makes a selection based on the information available. The information user perceives this as basic essential information and therefore its intrinsic quality is of great importance. The intrinsic information quality category includes dimensions, which ensure that the information has quality in its own right. This may be perceived as something basic or minimal that customers expect of the information. Of secondary importance may be accessibility and representational quality. Accessibility quality refers to how easy and secure the information is for the customer to access and use. Representational information quality is concerned with the ease of understanding of the information. Unambiguous, easy to interpret, concise, and consistent information contributes to the representational quality of the information.

Stage II: Ordering and Payment: Once the customer has selected the trip, reservations and necessary payments need to be made. While making reservations, the customer might have to provide credit card information, bank account, and residential or work address and/or frequent flyer number. At this point accessibility quality might be of utmost importance as the consumer is dealing with sensitive information and wants to be assured that the transmission is secure.

Stage III: Before the Flight: This stage includes all the activities the customer has to participate in before boarding the flight. Some of the information needed are delays in departure time, how to get to the airport, traffic conditions on the way to the airport, check-in point at the airport, boarding gate number, boarding time, etc. Here the consumers' situation and individual needs become extremely important, hence the contextual quality of the information provided. Contextual information quality emphasizes the importance of considering information quality within the context it is being used. The relevancy of the information for that particular situation, the degree of added value provided by it, the timeliness and completeness of the information are responsible for its contextual quality.

Stage IV: In-flight: The customer typically does not need much information while on the flight but information about the arrival airport and conditions there may be provided. Some information included could be immigration check requirements in the case of international flights, travel from the airport to the city, connecting flights, hotels, car rentals, events of interest taking place in the arrival city, etc. Since different customers will have different needs according to their particular situation and preferences, the contextual quality of the information is extremely important with intrinsic and representational quality of secondary importance.

Stage V: After the Flight: Once at the arrival airport, the traveler needs to know where to go for immigration check, where the baggage is arriving, where to take the connecting flight, how to travel from the airport to the city/hotel/destination, etc. Some of the information may already have been provided during the flight. Contextual quality is going to be the major quality sought at this stage.

The above outline of the stages in a traveler's trip is a simplistic representation but the purpose has been to highlight the kind of information that may be needed and the quality specifications that the customer might demand from the information provider. The following section examines how the airline industry may use the emerging communication technologies (Internet, cellular phone, etc.) to serve its core customers with added value by providing situation relevant information. This process is evaluated for its advantages in attracting and retaining the customers within the framework suggested by Ghosh (1998).

COMMUNICATION TECHNOLOGY AND THE AIRLINE INDUSTRY

Using the emerging communication technologies, as a direct link to its key customers requires the company to establish an electronic channel, which is more than a mere Web site advertising the company. Ghosh (1998) has identified four domains in which a company can expand its business to exploit the advantages offered by the virtual channels, which we discuss in conjunction with the stages in a traveler's trip.

Establishing a Direct Link

When the airline has a direct link to its customers, it can keep track of preferences to customize the information provided. For stages I and II, this information may be provided on the airlines' Web page while for the remaining stages the information may be given on the hand held computer or cellular phone.

Several of the services mentioned in stages II, IV, and V are currently not provided or provided using the traditional methods (on paper, signs at the airport, etc.), which may be furnished using new technologies. The costs of providing these services are relatively inexpensive. Once the investments are made in the electronic channel, the company can offer increasingly higher levels of services with few incremental costs for each additional transaction. New, personalized services catering to the consumers' specific needs are crucial in adding value to a product/service which is already perceived as complex in terms of searching, availability, and accessibility of information.

Bypassing Intermediaries

When an organization competes in the marketplace with an electronic channel that links directly to its customers, it is inevitable that it pirates the value chain. In doing so, the company eliminates layers of costs built in the distribution system. In stages I and II discussed in the previous section, airlines can by-pass travel agents to give the necessary information and process transactions with the help of the Internet and mobile phone with WAP. This not only reduces costs but also the number of interfaces the customer has to deal with, creating significant value for the customer. The electronic interface also makes the information readily available to the customer whenever desired.

Delivering New Products and Services

Direct access to customers creates a path for offering additional information that address needs of existing customers and may attract new ones. With its ability to provide services over the new communication networks, the company is in a position to take away value from competitors. The types of information needs of a traveler described in the different stages present various avenues for the airlines to furnish new products and services that create and add value for the customers. The company can use its resources to provide information tailored to the consumers' specific requirements to further add to the value given.

Gaining Competitive Advantage

The Internet and mobile phone as a direct electronic link make the physical distance between the customers and the suppliers irrelevant thus providing information does not depend on how close or far the customer is physically from the source of information. Information needs discussed in stages III and V of the travel trip have conventionally been provided at the airport. The electronic connection with the customer enables the airline to give this information before the customer is physically present at the airport. Having some of this information, for instance, delays in flight departure, check in time, etc. before arrival at the airport will be much appreciated by most travelers and seen as extra service that the airline is providing.

Companies can also grow unobstructed on the Internet, as they are not limited by costs and delays common when expanding in the mortar-and-bricks world. Once the electronic network is established, the airline can add additional services with few incremental costs, the addition of which can help the company differentiate itself from its competitors. Some services discussed in the different stages of the traveler's trip are currently not being provided (e.g. information about the arrival airport based on customer's specific situation). Airlines can gain a competitive advantage by providing these services electronically but this advantage is going to be achieved by the first movers in the market place. Companies offering the additional value providing services will be the ones that attract the customers and airlines that are followers will not gain much because of the time lag, as it takes time and resources to establish an efficient and reliable information providing system.

CONCLUSION

This paper highlights the importance of multi-media technology in helping companies develop a competitive advantage over their competitors that is not readily imitated and which is perceived by consumers as providing an added value. The information providing opportunities discussed here not only act as a magnet in attracting customers but also help in retaining them. To use the services described in this paper, customers will have to learn and get used to a system. In some instances, they may be required to personalize it by providing information about their preferences and requirements. The time and effort needed to do all this, coupled with the common human reluctance to abandon what works, acts as an added obstacle for the customer to switch to another supplier, not to mention the fact that the services described are not as simple to imitate and implement as a frequent flyer program is. Therefore, early movers in the arena are the ones who will gain a competitive advantage by providing value to its core customers.

This paper has discussed the opportunities presented by the new communication technologies for one industry but other companies operating in similar information intensive industries, such as the banking and financial services, may also use the approach employed. Dividing the customers' consumption process into different stages helps develop a systematic method of identifying various customer needs for information and once the organization understands these needs, it is in a better position to serve its customers.

Organizations have typically focused their loyalty efforts on *all* their customers, treating their most desirable customers in the same manner as any other customer. Making the most desirable customers a priority in a loyalty program will not only result in more loyal customers but also help the firm allocate its resources more judiciously. The idea presented in this paper is to cater to the needs and preferences of the most preferred (that is, most profitable) customers and reward them for being loyal by providing higher value services than those given to not-so-loyal customers.

TABLE 1: INFORMATION QUALITY CATEGORIES AND DIMENSIONS

Information Quality Category	**Information Quality Dimensions**
Intrinsic quality	Accuracy, Objectivity, Believability, Reputation
Accessibility quality	Access, Security
Contextual quality	Relevancy, Value-Added, Timeliness, Completeness, Amount of data
Representational quality	Interpretability, Ease of understanding, Concise representation, Consistent representation

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INTERNET PRIVACY PREFERENCE AND ITS IMPACT ON INTERNET BEHAVIORS: A PRELIMINARY ANALYSIS

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ABSTRACT

A cursory glance at the popular press shows the increasing concerns expressed by users over their lack of privacy online (cf. Jackson, Locke, and Shannon 2001, Judge 1998; Lester 2001). Despite this media hype, however, academic studies of consumers' perceived privacy risk have attracted little attention and most empirical studies have focused attention on legal solutions and privacy statements as ameliorators of privacy concerns rather than focusing on consumers' perceptions of risk.

Studies of privacy in face-to-face environments support differences in privacy preferences across individuals, based on social norms and situational context that vary over time (Bates 1964, Goodwin 1991; Kelvin 1973). Technology has shifted these concerns over privacy from physical intrusion to information privacy (Goodwin 1991), making the understanding of consumer privacy preference online critical for the success of e-tailing.) If consumers become afraid to exchange emails, participate in online chats and bulletin boards, or any other type of online communication, organizations lose virtual communities that provide value to these organizations (Hausman and Minor 2001; Kozinets 1999).

Every time an individual interacts with the web, she leaves behind a trail of extraordinarily detailed information about who she is, her buying habits, financial status, maybe her medical records and other intimate personal details. Moreover, she has very little control over who can have access to this information and what they do with it (Prabhaker 2000) Tsanacas 2001 Buchholz, and Rosenthal, 2002). The goal of this study is to develop a scale to assess Internet users' privacy preference and how this need for privacy affects their online behaviors.

Offsetting the negative impact potential in perceptions of invasions of privacy, information provided helps the individual by allowing companies to suggest more and better products and services to the individual. Further, aggregate information provided across consumers helps companies plan better product and service offering to all consumers. The result is that it may be impossible for consumers to transact business on the internet without revealing information about themselves that they may be unwilling to share (Rust, Kannen, and Peng 2002). A possible solution to satisfying the online goals of both consumers and companies without feelings of privacy invasion is by employing assessments of users' privacy preference to segment potential consumers and to better match the level of privacy offered to the preference of individual users. In creating such a scale to assess privacy preference, sources of items included depth interviews with users, a scale developed by Smith, Milberg, and Burke (2001) to measure information privacy, and the literature identified above.

Following the recommendations of Churchill (1979) a privacy preference scale was developed and purified from 40 presumptive items. EFA resulted in 3 dimensions of privacy preference: preference for privacy, need for anonymity, and attitudes toward privacy statements and legal safeguards of online information. These subscales resulted in Cronbach's alphas of .7573, .7544, and .7678, respectively. Subsequent CFA supported the convergent and discriminant validity of these three dimensions and SEM results suggested the impact they have on online shopping behavior.

References Available Upon Request

MULTIPLE LEVELS OF TRUST AND INTERFIRM DEPENDENCE ON SUPPLY CHAIN COORDINATION: A FRAMEWORK FOR ANALYSIS

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ABSTRACT

Several activities are required for successful supply chain management. One key activity is the coordination that takes place between firms in a supply chain. Two antecedents to coordinative behavior of firm A with firm B in a supply chain is the trust that firm A has in firm B (interorganizational trust) and firm A's dependence on firm B (interorganizational dependence). In addition, this paper includes the interpersonal trust of key boundary-spanning employees from firm B by key boundary-spanning employees from firm A (interpersonal trust). We posit that the interorganizational trust mediates interpersonal trust with the outcome of interfirm coordination yet also serves as moderator of the impact of interorganizational dependence on coordination.

INTRODUCTION

Coordinated activities among supply chain members are required for effective supply chain management (Ellram and Cooper 1990; Tyndall et al. 1998). The role of interorganizational trust is important in this study of coordinative behavior between firms (Mentzer et al. 2001; Morgan and Hunt 1994). Not surprisingly, a recent meta-analysis confirms a strong association between interorganizational trust and mutually positive coordinative behaviors between organizations referred to as cooperation (Geyskens, Steenkamp, and Kumar 1998). However, Zaheer, McEvily, and Perrone (1998:141) note that, "Despite the importance of trust in cooperative interfirm relationships, considerable ambiguity is evident in the literature about the precise role of trust as it operates at different levels of analysis...."

In other words, several theoretical traditions that address interfirm economic exchanges do not elucidate the impact of trust at two levels of analysis with important interfirm outcomes -- including the theoretical traditions of relational exchange (Macneil 1980), organizational and strategy (Gulati 1995), competitive advantage (Barney and Hansen 1995), and transaction cost economics (Bromiley and Cummings 1995; John 1984). Likewise, in the realm of supplier-buyer empirical research, Doney and Cannon (1997:35), note that "Although trust can be engendered in a supplier firm and its sales person, the existing marketing research focuses on one or the other target not both."

Rare exceptions to the lack of empirical interfirm research include two recent studies that do clearly differentiate two levels of trust (interorganizational and interpersonal) and the impact of these two levels of trust with the outcomes of (1) interfirm negotiation costs and performance (Zaheer, McEvily, and Perrone 1998) and (2) purchase choice and the likelihood of doing future business together (Doney and Cannon 1997). Similar to these recent studies, our model includes two clearly differentiated levels of trust (interorganizational and interpersonal); yet in contrast to these recent studies, our model posits that interorganizational trust mediates the impact of interpersonal trust on the outcome of actual coordinative behaviors.

In addition to trust, dependence between supply chain firms motivates the willingness of firms to participate in coordinative behavior over time (Bowersox and Closs 1996; Ganesan 1994; Keith, Jackson, and Crosby 1990). Much of the interorganizational dependence theory in supply chains derives from Hickson et al.'s (1971) Strategic Contingencies Theory that addresses organizational dependence and Pfeffer and Salancik's (1978) Resource Dependence Theory that addresses interorganizational dependence. Both theories essentially draw from Emerson's (1962:32) Power-Dependence Relations Theory that states, "the dependence of actor A on actor B is (1) directly proportional to A's motivational investment in goals mediated by B, and (2) inversely proportional to the availability of those goals to A outside of the A-B relation." The primary objective of this paper is to present a conceptual model that includes both the interpersonal and the interorganizational levels of analysis of trust and interorganizational dependence with coordinative behaviors in a supply chain.

CONCEPTUAL MODEL AND PROPOSITIONS

Our conceptual model is presented in Figure 1 and is discussed in the following sections.

Interpersonal and Interorganizational Trust

Similar to Zaheer, McEvily, and Perrone (1998), we refer to interpersonal trust as the extent of a boundary-spanning individual's trust in his/her counterpart in a supply chain partner firm and interorganizational trust as the extent of trust placed in the supply chain partner organization by the key members of a focal organization.

As noted by Doney and Cannon (1997), even though a significant amount of attention in trust research has origins at the interpersonal level of analysis (e.g., Deutsch 1962; Rotter 1967), a growing stream of research suggests that organizations can also be the targets of trust (e.g., Morgan and Hunt 1994). Some of the growth in this research is due to a generally accepted enhancement to the simplistic view that firms coordinate their exchange relationships either through markets or hierarchies (e.g., Williamson 1975). This enhancement suggests firms may also use other mechanisms to coordinate their exchange relationships such as interfirm trust (e.g., Braddach and Eccles 1989; Ouchi 1979; Ring and Van de Ven 1994), despite the possibility of increased vulnerability to betrayal and opportunism with great amounts of interfirm trust (e.g., Granovetter 1985) and despite the costs of establishing and maintaining interfirm trust (e.g., Larsen 1992).

Even though there is broad general agreement about the importance of trust, as noted by Dahlstrom and Nygaard (1995:3), "...the definitions and operationalizations of trust differ markedly across disciplines (cf. Ring and Van de Ven 1992)." Despite the confusion across disciplines, it appears that most studies in the context closest to supply chains (or channels of distribution) include two conceptual aspects of trust: honesty and benevolence included in a single unidimensional measure. Specifically, Geyskens, Steenkamp, and Kumar (1998: 225) state,

[M]ost channel studies "define trust as the extent to which a firm believes that its exchange partner is honest and/or benevolent", or some variant thereof. Trust in the partner's *honesty* is a channel member's belief that its partner is reliable, stands by its word, fulfils promised role obligations, and is sincere (Anderson and Narus 1990; Dwyer and Oh 1987).

Trust in the partner's *benevolence* is a channel member's belief that its partner is genuinely interested in one's interests or welfare and is motivated to seek joint gains. A benevolent partner subordinates immediate self-interest for long range group gain (Anderson, Lodish, and Weitz 1987; Crosby, Evans, and Cowles 1990) and will not take unexpected actions that would have a negative impact on the firm (Andaleeb 1995; Anderson and Narus 1990).

Consistent with this stream of research, we will use two aspects of trust in a single unidimensional measure, equivalent to the honesty and benevolence aspects of trust described above. Like the organizational researchers Zaheer, McEvily, and Perrone (1998), we conceive of trust, at both the interpersonal level and interorganizational level of analysis, as the expectation that either the key boundary-spanning individual (interpersonal) or the supply chain firm (interorganizational) 1) can be relied on to fulfill obligations and 2) will act and negotiate fairly.

According to Doney and Cannon (1997), interpersonal trust in key boundary-spanning individuals from another firm can lead to trust in that firm. The rationale is that a trustworthy employee can be used as a cue to a group's trustworthiness since it is likely that you have the opportunity to know more about a key individual than you would a whole group (Stub and Priest 1976) and it is this knowledge that supports the development of trust. Accordingly, interpersonal trust can also be used as a cue to the trustworthiness of an organization (Doney and Cannon 1997). In other words, interpersonal trust can be transferred to trust of the organization. On the other hand, transference of interorganizational trust to interpersonal trust is not as likely because individuals are expected to change positions within a firm and also are expected to change employers; yet interorganizational trust is not expected to go away when individual employees leave an organization. In support, Zaheer, McEvily, and Perrone (1998:144) note, "Although individual boundary spanners come and go, role definitions are stable and enduring (Ring and Van de Ven 1994). Institutionalizing processes codify informal commitments made by individual boundary spanners, which over time become established and taken-for-granted organizational structures and routines (Zucker 1977)." This would suggest that interpersonal trust operates through interorganizational trust in its effect on exchange outcomes.

Empirical support for this suggestion comes from recent studies that show that interpersonal trust and interorganizational trust are conceptually distinct and that these two constructs operate differently in a relational exchange (Doney and Cannon 1997; Zaheer, McEvily, and Perrone 1998). Specifically, Zaheer, McEvily, and Perrone (1998:156) find "In comparison with interpersonal trust, interorganizational trust emerges as the dominant influence on exchange processes and outcomes...our data indicate that interpersonal trust, *in conjunction with* interorganizational trust, plays a unique role in relational exchange..." Furthermore, Doney and Cannon (1997) find that interpersonal trust operates through interorganizational trust in increasing the likelihood that a firm anticipates doing business with another firm in the future. As a result of the theoretical discussion above and recent empirical research, we posit that interpersonal trust has an impact on coordination through interorganizational trust. Thus,

> **P1:** Interorganizational trust has a positive direct effect on the outcome of coordination and
> **P2:** Interorganizational trust serves as a positive mediator between interpersonal trust with the outcome of coordination.

Interorganizational Dependence

Interorganizational dependence refers to a need to maintain a relationship with a supply chain partner to achieve its goals (Frazier 1983). Research suggests interorganizational dependence is a driver of the following important outcomes in interfirm research as follows: (1) supply chain solidarity (Bowersox and Closs 1996), (2) willingness to negotiate, share key information, and participate in joint operational planning (Bowersox and Closs 1996), (3) long-term orientation (Ganesan 1994), (4) readiness to respond to another firm's requests (Keith, Jackson, and Crosby 1990), and (5) commitment to the relationship (Andaleeb 1996; Kumar, Scheer, and Steenkamp 1995). We also assume interorganizational dependence would serve as a precursor to actual coordinative behaviors.

As previously noted, most research on dependence in channels of distribution contexts draws from Emerson's (1962) facets of dependence. These two facets typically have been measured as (1) the level of value that another firm provides to the dependent firm in achieving goals and (2) the number of viable alternatives that the dependent firm has for achieving these goals (e.g., alternative sources of supply). The latter half of this measure is referred to as "irreplaceability" by some researchers (El-Ansary and Stern 1972; Kumar, Scheer, and Steenkamp 1998) or as "replaceability" by others (Heide and John 1988).

Providing insight on the association between dependence and coordination-oriented outcomes, Andaleeb (1996) suggests that when one firm is dependent on another, the firm will value the relationship and want to maintain it and Keith, Jackson, and Crosby's study (1990) suggest that there is direct association between dependence and coordinative behaviors as follows.

When [Firm] B has a large stake in a relationship (i.e., a significant proportion of sales and profits accrue from the relationship), B is more dependent on [Firm] A and is more likely to be tolerant of demands made by A. Furthermore, when rewards achieved in a relationship are greater than those expected in another relationship, or when few feasible alternative relationships offering comparable rewards are available, B is more dependent on A and is more tolerant of demands of A (Anderson and Narus 1984; Cadotte and Stern 1979). A channel member who is more tolerant of demands made by a channel member is less resistant to those demands and, hence, more willing to respond to demands (p. 31).

> **P3:** One firm's dependence on another firm in a supply chain has a direct positive effect on coordination.

Interorganizational Dependence and Interorganizational Trust

Beyond the independent positive direct effects of interorganizational trust and interorganizational dependence on the outcome of coordination, we aim to replicate the findings of Andaleeb (1996) that there is an interactive relationship between interorganizational trust and interorganizational dependence and coordinative-oriented outcomes. Providing theoretical support, Andaleeb (1996) indicates that when a buyer is dependent on a supplier and yet does not trust the supplier, more negative exchange outcomes may result because the buyer believes their firm faces manipulation (opportunism). Further, Andaleeb (1996: 79) states,

> ...when there is trust in the relationship, the risk of being dependent on the partner becomes easier to bear, despite the fact that the partner has the option of betrayal, because the partner engenders a sense of psychological assurance that expected outcomes will be obtained....when a buyer trusts the supplier, commitment should be high, leading to identification with the partner. When the buyer does not trust the supplier, although commitment is expected to be attenuated because of the outcome uncertainties associated with low trust, it should not be very sensitive to different levels of trust because needed resources are available from the relationship.

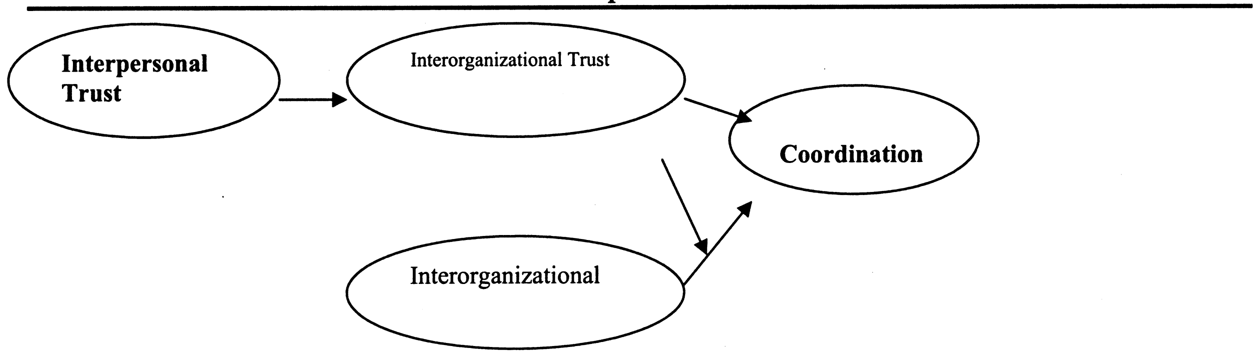
In the low dependence condition, when the buyer does not trust the supplier, the buyer's commitment to the relationship should be low, reflecting a desire to terminate the relationship. But when the buyer's trust is high, how it will influence the buyer's commitment is not obvious.... However, considering the possibility of future exchange.... and because trust in the relationship increases the likelihood of achieving expected outcomes, the buyer should demonstrate commitment to the supplier.

> **P4:** High levels of interorganizational dependence on coordination will not be very sensitive to different levels of trust in another supply chain firm. Low levels of interorganizational dependence on dependence will be sensitive to different levels of trust of another supply chain firm.

FUTURE RESEARCH

Conducting empirical research to test the propositions presented in this paper will help to replicate the findings of two recent studies that have clearly differentiated interpersonal and interorganizational levels of analysis with important interfirm outcomes and may also replicate the findings that interorganizational trust moderates the impact of interorganizational dependence on supply chain outcomes. In contrast to most interfirm empirical research that typically test the outcome of behavioral intentions (e.g., attitudinal precursors to behavior such as willingness to cooperate or relationship commitment), we plan to use the outcome of actual coordinative behaviors.

Figure 1
Conceptual Model



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A MARKETING PLAN FOR MARKETING INSTRUCTION: A SATIRICAL LOOK AT STUDENT COMMENTS

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ABSTRACT

This paper presents a marketing plan for the marketing of marketing professors to their customers—students. This satirical plan was developed by taking real student comments about faculty provided by marketing faculty in response to a survey about student evaluations of teaching and categorizing the comments into product, place, price, and promotion factors.

INTRODUCTION

"Dr ______ is so unfair; he not only expects to us to know the material, but to apply it too!"
"You should not make students answer questions in class as this was too hard."

If you have ever seen similar student comments written on your teaching evaluation forms, you are not alone. Toward the end of each semester at universities around the world, students are called upon to render judgment on their instructors through a variety of teaching evaluation forms and methods. To improve these evaluations, we have determined that marketing educators need to practice what they preach—marketers need to market themselves better. Consequently, in this paper, we satirically examine student perceptions of professors based on real comments made by students about their professors within a marketing mix framework, and recommend changes, in the form of a marketing plan for marketing professors, that marketing professors may want to implement immediately. Adherence to this plan will help marketing faculty improve their teaching evaluations, if not necessarily their teaching effectiveness.

This paper emanates from a larger, more serious study, designed to examine student evaluations of teaching comments and issues. The study questionnaire was placed on a Website, and 543 members of the Academy of Marketing Science received an e-mail asking them to access the site and complete the very brief questionnaire. The first question asked participants to list any "unusual, funny, interesting, or bizarre student comments that you have seen (or heard of) written on any colleague's student evaluation of teaching form." We received 83 comments to this question and use many of these responses in this paper to provide a light-hearted look at teaching evaluations. Our respondents were predominantly male (72.3%), almost half were tenured (47.8%), the majority (53.2%) had 10 or more years of teaching experience, and most (55.3%) were 45 years or older. These responses, for the most part, were provided by college educators in the United States; however, we did hear from a few colleagues from other parts of the world including Australia, Ireland, and Peru. We hope that for the most part the following marketing plan for marketing professors and the student comments contained herein bring a smile to your face, and a recognition that perhaps we should not take student comments on teacher evaluations quite so seriously because obviously our students often do not.

THE MARKETING PLAN FOR MARKETING PROFESSORS

Mission Statement. The mission statement, or driving force, for marketing faculty is best summarized in this student comment: *"This professor needs to give higher grades."*

Situation Analysis. The most relevant external factor that affects student evaluations of teaching effectiveness is competition—our colleagues—and our administrators. To be rated as a more effective teacher, we recommend that you carefully manage these external contacts and find especially abrasive or obnoxious colleagues to associate with to evoke comparisons which result in student comments such as: *"I thought Dr. X was arrogant, until I had Dr. Y."* While not direct competitors, faculty associations with administrators should be avoided, or at best, must be carefully considered and managed as this comment warns, *"You and [name of administrator] are going to get 'AIDS' because you stick so close together."* The competitive environment necessitates that the effective marketing professor act as a distributor of education, independent of administrative contact in what might be construed as consorting with the enemy.

Objectives. The primary objective of marketing faculty is to be the most effective teacher possible. To accomplish this objective requires achieving 100 percent, total customer satisfaction because, logically, the most effective teachers will generate totally satisfied students. The obvious measure for these objectives is the student evaluation of teaching (SET) form, although we suggest that these forms as they currently exist be modified to better obtain suggestions for faculty changes to their classroom product, price, place, and promotion. The following marketing plan outlined here should result in a perfect SET rating, if strictly implemented.

Target Market. The target market for the marketing professor is college students. A profile of the market provides a better understanding of the needs of this market: The typical college student is 18 to 24 years of age; male or female; lives anywhere in the world where there is access to a college or university; wants to party, party, party; drink beer or other alcohol; listen to music; and associate with members of the opposite sex, though not necessarily in this order of importance. To this market, anything not listed above is considered a concept unworthy of consideration, as this student noted: "*Class time conflicts with previous night's regular college entertainment.*" Naturally there are outliers to this profile but this basic understanding of the typical college student will allow us to tailor our marketing mix to better meet the needs of the "typical" college student.

THE MARKETING MIX

The following marketing mix was designed to help marketing faculty obtain the stated objectives, keeping customer satisfaction in mind at all times. Implemented correctly, this marketing plan will allow marketing faculty everywhere to reach their desired objective of being truly effective teachers.

Product. First, let us examine the product itself. As aptly noted by Altschuler (1999, p. 50), "Students are . . . more inclined to take faculty members' wardrobes and hairstyles into account when sizing them up as educators." As we all know, the product we place in the classroom must be suitable for our target market. But, as the following student comments indicate, we seem to be failing at providing the right product, and its accompanying packaging. Student suggestions such as "*Lose the beard,*" "*He should cut his hair,*" "*Good class, but you ought to shave off that 1970s porno star mustache,*" and "*No comb-over, use Rogaine,*" indicate that the amount of hair that is acceptable to our target market falls within a very limited range. We recommend that those of you with too much hair share some of it with those requiring the comb-over. Though not empirically tested, superglue is commonly used now in surgery to suture skin so theoretically has real promise in this hair harvesting and transplanting context as well.

We also learned that all educators, regardless of gender, should wear ties. The importance of ties to the professorial product, and thus student learning, is evidenced by the frequency with which students comment on them, as illustrated by the following statements: "*Nice neckwear,*" "*I like his different ties,*" "*He wears good ties,*" and "*Wears cool ties.*" However, professors must be careful to knot their neckwear in only the latest style or risk serious consequences. This obviously has a big impact on our teaching effectiveness, otherwise this student would not have been so kind as to note, "*The instructor should know that big tie knots are out. Please learn how to tie your tie the correct way.*"

In an effort to improve the educational experience, students have also been thoughtful enough to provide a number of other suggestions for improving the professorial product. Thus, we should take heed of the following: "*Get new glasses,*" "*Wears bad makeup,*" and "*Buy some new shirts.*" To better provide the product our target market wants to see in the classroom, we should opt for a more stylish pair of glasses—or better yet wear contacts. We might consider wearing different colors of contacts on different days to prompt discussions about the importance of color to packaging. We must also spend more money on our clothing to achieve a more student-oriented look. Perhaps a fashion consultant would be the answer, or if your school is under funded, consider watching MTV and mimic what you see. You may even be able to find a student in your class willing to take you on as a semester project. At the same time, however, faculty must be careful not to spend too much money on clothing because that is equally offensive to our target market, as this one student noted: "*Has the administration seen her wardrobe. She must be paid very well.*"

In an attempt to deliver the product sought by our target market, we must also make a number of changes to our physical being. We must be thinner and younger, and avoid racial/ethnic diversity of any type, so that our target market does not have these complaints: "*He is too fat to teach,*" "*Just because someone is the father of zip code marketing doesn't mean he should teach when he is so old,*" and "*Why should I be taught by a foreigner?*" Instead, we may ensure that we have really grabbed our students' attention with the professorial product, and we will ensure that we receive these types of comments from our students, "*Nice ass,*" "*Easy on the eyes,*" "*The only thing suggested to improve this teacher's performance would be shorter skirts,*" and "*I was too busy staring at her big boobs.*" Clearly, the professors who evoked these comments have developed an eye-catching product that is sure to improve the effectiveness of classroom performances and are to be commended for their efforts.

Really innovative faculty may attempt to further develop their "product" by bringing new features into the classroom educational product. Before you consider innovations, however, realize that you have to be especially careful because these new product features may overshadow old traditional methods, resulting in comments such as, "*Your Web materials are so good that I haven't been reading the book and haven't been going to class. That is why I didn't follow the directions on assignments and have done so poorly on the exams.*" In fact, you may even respond with comments such as this one made by one experienced faculty member, "*EACH AND EVERY written evaluation for my sales management class had a comment about being irritated that I required students to spend too much time on a textbook that was perceived to be an unnecessary course supplement because the Web exercises and class discussions were perceived to be so good.*" The two obvious lessons learned from these comments are: either do not bring innovative, alternative learning methods into the classroom or else limit what you require students to know to classroom discussion and the Internet (after all, how important can something be if it is not on the Net?).

Finally, marketing faculty must always be aware of effects they may have on student self- esteem, which results from faculty interaction with students. Students who feel disliked or inferior in anyway will likely be dissatisfied customers. This comment illustrates how one faculty member apparently learned the error of his/her ways and began remediation in student-faculty interactions: "*At the beginning of the term, I thought Dr. ____ didn't like me very much, but now I think this has changed.*" Remember, the consumer reaction we should be seeking on our professorial product was aptly put by this student, "*He's a gun!*" Of course, it is possible that this latter comment is a case of mistaken product identification.

Pricing (a.k.a. Grading/Assignments). Just as developing the right product for the target market is critical, so is the pricing. For our student target market, pricing is what they must expend (effort on reading and assignments) to obtain what they want (i.e., a satisfactory grade, entertainment, friendships). Obviously, many of our customers are unhappy with our current pricing, as evidenced by the following: "*Give higher grades,*" "*Quizzes should be easier since they count for 90% of the grade,*" "*The in-class written activities have to go. They are ok once in a while, but not every class period.*" "*I enjoyed the class, but I think there should be less attention to detail in your grading,*" "*The professor has first to learn how to evaluate students,*" "*The professor writes tests that unfairly benefits students that attend class,*" "*After the first test, everyone figured out his lectures did not pertain to his test, so no one showed up hardly,*" and the classic: "*If you are a poor test taker or not business oriented, there's no chance for you because of the grading system.*"

We marketing faculty must also be careful not to violate the Robinson-Patman Act by "giving" different grades to our target market. This discriminatory pricing strategy can create real problems, as this one instructor noted, "*Two of my female students in a 50% male/female class wrote that they thought I didn't like girls. They had done a class presentation of a case along with another student, and received a grade much lower than they thought they should have received. They recommended price fixing, which was clearly illegal. They still thought it was a good idea since businesses do illegal things all the time.*" As this comment demonstrates, clearly, marketing faculty must not inhibit the free exchange of ideas and restrictions on creativity by requiring that students actually consider the law (after all, this is marketing and b-school, not law school).

The pricing issue is actually quite an easy one to fix to meet our stated objectives: increase student benefits derived (see target market section) and decrease student costs. The logical recommendation here is to decrease costs by eliminating any reading requirements, extra activities, papers, projects, exams, and required attendance. To increase student benefits derived from our instruction, and thus create greater value, classroom time should be devoted to the entertaining videos provided by textbook publishers and to implementation of the tactics discussed in the promotions strategy in the next section. Further, to maximize student value, give everyone an "A." By following this pricing strategy, the target market would be much happier with our teaching performance, because if they have received an "A," it means they have learned a lot.

Promotion (a.k.a. Lectures/Classroom Skills). As Altschuler (1999, p. 50) noted, "Perhaps the most disturbing revelation of student evaluations, however, is the extent to which every class has become a show and every instructor a personality.

The liveliness of the lectures, the use of videos and the professor's ability to draw frequent laughs count more than content." Yes, students do want to be entertained in the classroom, and so marketing faculty must develop better promotional skills. We need to promote our subject with flash and panache to sift through the clutter in our targets' minds to inform, remind, and persuade them. In short, we should be stand-up comedians, MTV hosts, and street entertainers, all rolled into one.

Unfortunately, many professors do not promote themselves well, resulting in these comments from our target market: "*This adjunct should stick to selling used cars rather than think he is a teacher,*" "*The teacher needs to lecture more instead of telling us to read the book,*" "*He is a Superman in marketing, but he has to land almost every half an hour,*" "*I think the professor must understand himself before trying to teach someone else,*" "*The instructor bugs me when she talks about thinks [sic] she doesn't know about. She is very knowledgeable in the subject she teaches,*" "*His lecture cures your insomnia,*" "*This is the wurst instructer I had in my hole time at this U. Who ever hired this guy shud be fired, fourth-with,*" "*He thinks he knows more than we do,*" "*Dr. X knows the material well and makes lively visual aids, but he is just so boring. It is difficulty to learn anything when you're falling asleep,*" "*The lecture material was as wrong as it was different,*" (to reiterate that students know more than faculty) and the most virulent comment: "*This teaching assistant should be staked out in the desert and raped by Mexican bandits.*" One professor, who obviously has not developed a sufficiently entertaining lecture to rival prime time, reported, "*Another student, in response to the open-ended comment request wrote a lengthy discourse about how his accounting class, with all the homework, had caused him to miss his favorite TV program repeatedly that quarter. He was very explicit in his complaint, and quite creative in his use of profanity. I couldn't believe it was a real response, but after having read it, realized it was heartfelt.*" As these comments demonstrate, entertainment is paramount, content is not. The really effective marketing instructors focus more on developing a good "act" for the classroom and less on conveying the marketing concept to students. We prescribe massive doses of Comedy Central and making "Teaching for Student Entertainment and Enjoyment" a marketing research and dissemination priority.

Place (a.k.a. Classroom Offerings and Student Seating). Place is also very important to our student target market. Since the following comments appear on teaching evaluations, these students obviously believe that closer attention to product placement factors would improve our classroom performance: "*How on earth can we pay $700 for a class and have to jump through hoops to get a cup for coffee or water?*" "*Refreshments would be much appreciated. Nap time is always a plus.*" Based on these comments, we suggest placing a snack bar in each classroom and have fold-away cots available upon request. We recommend that the instructor's desk at the front of the classroom be replaced with a mobile snack cart. The professor may then efficiently man the snack counter while performing his entertaining act, and during "intermissions" proceed down the aisles suggesting "coffee? tea? cocktails?" After snacks are distributed, the class could take a brief nap before continuing the show. This type of strategy has been effective for generations in kindergartens, it should be just as successful in creating customer satisfaction in our market.

Marketing faculty must also be involved in the strategic placement of our students within the classroom. This factor can really impact student satisfaction with the marketing course, as these professors learned: When asked to identify the weaknesses of the course, a student indicated dissatisfaction because he "*was not seated closer to the redhead;*" similarly, another student responded to a question on the strengths of the course, by expressing appreciation for specific anatomical attributes of the female student seated next to him. Finally one student noted, "*The only thing I enjoyed about this class was looking down the blouse of the girl sitting next to me.*" These comments indicate that we must carefully position our students in the classroom so that they are in close proximity to the most attractive students in the room. After all, as marketing experts we know the three most important words in retailing success: location, location, location.

Evaluation. *The best measure to determine achievement of the stated objectives is to closely monitor student evaluations of teaching each semester. These teaching evaluation instruments accurately measure teaching effectiveness as determined by customer satisfaction. Consequently, the highest rating possible on this measure (often a 5) means that a teacher is the most effective teacher of all. By extension, students of this teacher will have learned more than those professors who receive lower ratings. Instructors who observe slippage in ratings (anything under a perfect score) should immediately conduct an audit and consumer studies to determine the marketing mix variable that seems to be deficient. If all else fails, party, party, party.*

CONCLUSION

Marketing professors should have the best appreciation of marketing a product to meet customer needs. For marketing faculty one important "customer" is the student and a method for disclosing student customer needs is the student evaluations of teaching instrument, popularly used in universities around the world to, ostensibly, assess teaching effectiveness. In this study, we invited marketing faculty to submit unusual, bizarre, or interesting comments made by students on student evaluations of faculty forms. Here we assumed that these students took their task of critically evaluating faculty seriously and so we used these student comments to develop a marketing plan for the effective marketing of the marketing professor to meet student needs.

Based on the student comments received, the marketing plan proposes that marketing faculty can vastly improve student evaluations of teaching (SET) ratings (and obviously improve teaching effectiveness) by enhancing our appearance so that we appeal to our target market, by creating an entertaining classroom act, by giving all "A"s with no course requirements, and by installing and manning an in-classroom snack bar, as well as strategically placing the most attractive students in the room in full view and proximity of the other students. These higher SET ratings will provide proof that we have become better teachers, which in turn, implies our students will be learning more than ever. So, let us all begin to practice what we preach, to market the marketing professor.

Concluding Notes

The comments in quotations throughout this paper were real student comments made about faculty on student evaluations of teaching. Obviously, this paper was written tongue-in-cheek for the purpose of bringing a little humor into a subject that we often take very seriously—student evaluations of teaching effectiveness. We hope that this light-hearted investigation emphasizes the points that 1) students often do not realize the gravity of their comments to faculty sensibilities, 2) in all likelihood, most all faculty have received unusual, bizarre, or interesting comments, that cannot be considered legitimate commentary on faculty teaching abilities, and 3) student comments are often absurd. We hope this effort made you smile and brings you comfort that you are not alone, if you have ever received student comments similar to the comments reported herein. Finally, we hope this paper illustrates the problem of a "general comments" section in student evaluations of teaching and provokes discussion about solutions that may generate real, viable comments specifically related to instructional improvement rather than faculty dress, weight, age, etc.

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DISTANCE EDUCATION IN MARKETING: CURRENT PRACTICES AND DIFFERENCES AMONG INSTITUTIONS IN THE UNITED STATES

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ABSTRACT

This study provides an overview of current distance education practices among four-year institutions in the United States that offer courses in marketing. Public institutions and Doctoral/Research intensive and extensive classified schools were more likely to offer marketing courses delivered via distance education methods than private institutions or those with other Carnegie classifications. AACSB accreditation and region of the country in which the school was located had no impact on whether an institution offered distance delivery of marketing courses. General courses such as marketing principles were more likely to be offered via distance delivery than specialized, elective courses. Implications of these findings are discussed in light of predicted changes in higher education.

INTRODUCTION

Distance education is a topic of importance to administrators, faculty, and legislators in the 21st century as institutions of higher learning seek to create and deliver value to students in an ever-increasingly dynamic marketplace. The changes occurring in higher education are sparked by factors such as changing student demographics, the increased use of technology in teaching, and the trend toward lifelong learning. One outcome of these changes is the increased use of distance methods to deliver courses. According to projections by International Data Corporation, eighty-five percent of the nation's public and private universities were expected to offer distance education courses in 2002 (Kriger 2001). While many universities are offering distance delivered courses, participation varies by college and discipline.

RESEARCH OBJECTIVES

The focus of this study is to provide an overview of current institutional practices in teaching marketing courses via distance education in the United States, as well as highlight differences among institutions with regard to distance course delivery. According to the U.S. Department of Education (Lewis, Levin, and Greene 1999), not all U.S. higher education institutions offer distance education and those that do differ on a number of factors including institutional size, institution type, and geographic region in which they are located.

Study Design

The sampling frame consisted of four-year, postsecondary institutions that employed marketing faculty in the United States. Three hundred and sixteen (316) institutions were systematically selected for inclusion in the study. Course catalogs for the Fall semester 2002 were examined online for each institution to determine whether marketing courses were offered via distance delivery for that term. Data was supplemented by information from AACSB and the Carnegie Foundation.

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THE EFFECTS OF PRICE PROMOTIONS ON CONSUMERS' PRICE BELIEFS

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ABSTRACT

Reference prices, which are extensively used in retail advertisements, have received considerable attention in the marketing literature. The present study looks at the extent to which external reference prices, included in price promotions, affect consumers' price beliefs. Based on Helson's Adaptation-Level theory, consumers form internal reference prices, which they use as a basis for evaluating market prices. Researchers then draw from both Adaptation-Level and Assimilation-Contrast theories to explain the process by which external reference prices influence consumers' internal reference prices. While consumers may assimilate or contrast external reference prices, only assimilated prices have the ability to affect consumers' internal price standards. To examine the extent to which consumers assimilate external reference prices, we conducted a first experiment, which revealed that the impact of external reference prices on consumers' internal price standards was surprisingly monotonic. Results from our second experiment showed that the chosen absolute and relative savings presentation formats did not generate changes in subjects' internal reference prices. We discuss our findings in relation to the measurement of internal reference prices and change thereof, exaggerated external reference prices, and price familiarity.

INCOMPLETE RETAIL PRICE INFORMATION: CONSUMER REACTIONS AND MANAGERIAL IMPLICATIONS

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ABSTRACT

Customers often confront shopping situations where prices are missing, hidden, or vague. The results of this exploratory study indicate that the effects of incomplete price information on consumer perceptions, buying intentions, and managerial attributions differ across product and price variability, store format, and the individual's control over further price search.

INTRODUCTION

A basic tenet of marketing holds that consumers will buy products and services they value when the benefits of purchase and consumption are greater than the costs incurred. Customers consider many dimensions of costs (financial, comparative prices, opportunity costs, time, inconvenience, the social visibility of the purchase, psychological and social consequences, safety concerns, and doubts about functional performance) and benefits (functional; psycho-social; aesthetic) in the purchase decision (cf. Green, Wind, and Jain 1972; Lumpkin 1986.)

Retail price is one of the more immediately identifiable costs that consumers evaluate in purchase decisions. Yet, the retail price is often not readily or exactly discernable in some purchase situations. Price tags may be missing from items that customers can examine, such as when a price tag is accidentally torn from a garment. Prices may be vague, as when there are multiple discounts on an item (take an additional 33% off already reduced items,) misplaced merchandise on a "sale" table, or a blizzard of shelf tags that don't clearly identify the price. "Ballpark" prices are also vague, i.e. a price is quoted with the promise of an additional unspecified discount when the customer is ready to commit to a purchase. Finally, price tags may be attached to merchandise, but customers are initially prevented from seeing them. This occurs when merchandise is locked in a display case with the price tags turned over or out of view (e.g. the bottom of a vase; the back of a cosmetics package; a price tag within a wallet.) Retail price is also hidden when the retailer stocks open-shelf merchandise with no price tags or rate cards available for customer viewing without sales assistance. In each of these cases, customers must engage in additional search and shopping effort in order to determine the price.

Briefly, customers will search for price information to the extent they feel the cost and effort of the search is justified by the addition of useful information into the overall purchase decision, i.e. the search effort is justified by improvement of the quality of the decision (cf Johnson and Payne 1985; Lynch and Srull, 1982; Stigler 1961; Urbany, Dickson, and Wilkie 1989.) In retail contexts, this is often seen as customers investing little time in searching for additional price information about routine, frequently-purchased products where the prices are well-known (e.g. grocery purchases,) the items are relatively low ticket (e.g. impulse items such as chewing gum or a can of soda,) and have little retail price and product feature variability (a shirt brand well-known to the consumer.) In contrast, customers are more willing to search for price information when purchase price risk is high (e.g. durable goods,) where range of prices for the same item is wide (e.g. from car dealer to car dealer,) and where product feature variability can signify high price variability (e.g. fine jewelry.) Yet consumers continue to encounter many shopping situations where prices are missing, hidden, or vaguely described.

While previous research and anecdotal evidence have been very useful, a systematic study of how the retail context interacts with consumer perceptions and behavior in price search is lacking. Further, customer attributions regarding the reasons for incomplete retail price information have implications about their predisposition to patronize the retailer in the future, and bear further investigation.

AN EXPLORATORY INVESTIGATION

Issues Explored

An exploratory study was constructed to investigate the following key questions:

1. When customer product/price knowledge is extensive, how does retail format influence customer motivation to search for price, and the customer's perception of the retailer's role in the missing prices?

2. When customer product/price knowledge is uncertain, as in the case of a relatively wide range of product or price variability, how does retail format influence customer motivation to search for price, and the customer's perception of the retailer's role in the missing prices?

3. When customer product/price knowledge is uncertain, how do retail format and a physical barrier that prevents self-directed price search influence customer motivation to search, and the customer's perception of the retailer's role in missing prices?

4. When customer product/price knowledge is initially explicit, how does the chance of an improved offer affect customer motivation to search for price, and the customer's perception of the retailer's role in the improved offer?

Methodology

A two-phase study was conducted that consisted primarily of open-ended questions that asked respondents about their reactions to different incomplete price situations in hypothetical contexts.

Phase 1: Pre-test Construct Verification and Open-Ended Questions.

The first study would verify the degree of price search effort that theory and research had proposed for the different types of products and price levels. This study also included a pre-test of various shopping scenarios where price information is missing, vague, or hidden. The pre-test largely consisted of open-ended questions that first asked respondents about their reaction to different scenarios, and then asked for open-ended responses about why these situations happened, i.e. the retailers' role or motivations in the price situation. The verbatim responses were examined to develop a taxonomy of categories (Collins and Kalton 1980.)

A group of target respondents examined the pre-test instrument for question clarity; verification of the measures for product/price perceptions; and the reality of the retail situations proposed. Minor adjustments were made. The self-administered study was delivered via email attachment to current and former students of a School of Business and Technology at a small Midwestern university, and non-academic members of the university community. The School does not have a retailing program, so it may be assumed that the study's participants are not unusually sensitized to retailing issues. The surveys were returned via email, except where a few respondents printed their survey answers and returned a hard copy.

Of 134 surveys sent, 52 were returned by the time of analysis, for a 40% response rate. No follow-up reminders were sent at this time. The respondent group included those under 22 (12%); 22-29 (58%); 30-39 (23%); 40-49 (6%) and one person in his 50's. 60% were fulltime students, 21% were part-time students, and 19% no longer attended school. 42% worked full-time outside the home, 52% worked part-time, and 7% were not employed outside the home. Respondents were largely residents of the upper Midwest in the United States. (In this and results reported below, rounding error and only those questions answered are reported.)

Results of Construct Verification. 96% of respondents were able to recall a recent experience where they purchased or considered the purchase of an item where the retail price was not readily evident, i.e. a missing, vague, or hidden price situation. Participants were also asked whether they thought the item was necessary to purchase at that time (a necessity or an emergency,) which may have decreased their price sensitivity and subsequent price search effort. While a few (24%) classified their purchases as necessities, these usually fell into the category of fairly routine purchases, e.g.

milk, cigarettes. Respondents were then asked to choose one of six options that described what they did in that purchase situation. The options included whether or not they searched for the price, and whether the purchase was made without finding the price; after finding the price; or not purchased at all even after finding the price.

The products identified by respondents were classified in one of four categories, depending on whether the retail price is usually relatively high or low, and whether the category of the item represented high or low price or product variability, i.e. the degree that the cost/benefit evaluation was uncertain. Two assistants confirmed the classification of products in all but one case (the price/quality variability of replacement tires for a flat.)

This exercise confirmed previous research regarding increased price search by consumers when the purchase risk is high. Respondents were more likely to increase search effort before purchase for high-ticket items, and when product categories and prices generally present wide ranges. Most who identified a low-price/low product variability situation bought the product without first searching for the price. It is instructive that some consumers with little product knowledge of a relatively low-ticket items (e.g. hot dogs at a street cart) will behave similarly to high-ticket situations, i.e. they search for price information, but often buy the item anyway if they assume that the price will be "reasonable." However, some respondents citing high-variability product categories (in both low and high price points) would not invest the time to seek out the price information, i.e. price search is an additional cost of purchase that, in context, is not warranted by the expected product value or immediate need for the product. In the absence of purchase necessity, many of these customers feel that this category of purchase can wait for another time when the price is clearer, or when a discounted price is clearly specified.

The results of the pretest of the retail scenarios parallel those found in Phase 2, described below.

Phase 2. The Effect of Retail Format on Customer Reactions to Incomplete Price Information.

Similar to the survey administered in Phase 1, Phase 2 consisted of self-administered pencil-and-paper surveys distributed to current and former students, and non-student members of the university community. The surveys posed retail scenarios where price levels and price variability; product category variability; and the customer's ability to search for the price without assistance were manipulated. 182 surveys were distributed, and 167 returned, for a 92 per cent response rate. Respondent characteristics of the two phases of this study are similar, with somewhat more participants from the non-student university community and slightly higher age demographic in Phase 2.

Results of Phase 2 Study.

Customer Reaction to Missing Prices: Low Price/Product Variability, by Retail Format. Consumers were asked their reaction to the lack of a clearly marked price on a gallon milk in grocery vs. convenience store contexts. This situation presented a well-known, frequently-purchased product category in situations that are generally assumed to be low-price (grocery store) versus higher-priced (convenience store.) That is, much is familiar to the consumer about this purchase situation, but the context of the low-vs-high price retailer may infer different price expectations (cf. Meyer 1981.) 92% would buy without searching for the price in the grocery context; 8% would search for the price, then "probably" buy anyway. Most indicated that the cause of the missing price was sloppy operations or difficulty keeping up with frequent price changes or price displays. 10% felt that there was an intention to confuse the customer about the actual price of the product, but most commented that milk is usually a low-price or loss-leader item, and felt comfortable with buying the milk but not knowing the exact price. Most said they never look at the milk price in the grocery, reflecting the low-ticket, high-knowledge, necessity that often characterizes this purchase, as well as the typical image of grocery stores having low prices.

In contrast, 92% would buy the milk at a convenience store without asking the price, reflecting milk's typical classification as a necessity and recognition of the convenience value of this purchase situation as justification for accepting a potentially higher price. Most respondents attributed the lack of price information as management's intent to hide a relatively higher price compared to other (presumably grocery) outlets, but felt this intended deception was unwarranted: the higher prices were justified by the store's convenience. Most of the other responses attributed to lack of clear price information as store's inability, lack of motivation, or sloppiness in keeping up with price changes, i.e. no real intent to deceive or hide prices.

Customer Reactions to Missing Prices: High Product/Price Variability, Personal Assistance Required, by Retail Format. In a series of retail scenarios, customers were asked their reactions and management attributions regarding an item (jewelry, cosmetics, electronics item, gift item, pen) that could vary a lot in product features and price range. It is in a locked case in a department or specialty store, versus a discount store. The price was not clearly shown or indicated. That is, the customer would have to ask a sales associate for assistance, which, besides any added waiting time, may create a level of social anxiety, i.e. the desire not to appear cheap if the price is higher than customer wants to spend.

In the department store context, 66% of respondents indicated they would ask the price, yet almost 45% would ask the price only if they would not have to wait too long or go too far to find a sales associate. These results reflect the customer's need to verify the cost/value of a high-risk item before purchase. However, the value of their time, frustration, and potential social pressure affects the level of motivation to search for prices if the item is a non-necessity, which categorizes many department store items. 32% indicated they would probably leave without asking the price, i.e. they could do without the item. As one put it, "The management shows how little they respect me if I have to beg to see a price."

Fifty-seven percent of respondents acknowledged that items in locked cases are often valuable, and that stores are warranted in locking cases to prevent theft. However, most (89%) charged intentional manipulation if the prices seemed intentionally hidden from the customer's view. They anticipated hard-sell tactics or social pressure to purchase (i.e. avoid appearing cheap) when the price is eventually mentioned. Respondents often implied that the retailer was taking advantage of the need to place merchandise in a case by intentionally providing little price information. 22% indicated that hidden/missing/vague prices in a locked case were the retailer's attempt to portray a classy, upscale image, but most (72%) were dissatisfied by the tactic. Respondents described these hidden price situations as "annoying" and "manipulative."

Compared to department or specialty store, a locked case in a discount store was more often attributed to the retailer's misguided desire to portray a classy image (40%) and prevent theft (88%.) 10% voiced the customer manipulation concern. 16% attributed the incomplete price information in a locked case as sloppy management ("The store should be proud to show low prices.") A few indicated that since they "knew the items were lower-priced" in this context, they felt less sales pressure or retailer attempts at manipulation. Compared to department/specialty stores, customers were more inclined to search for sales assistance and ask the price (78%) without voicing concern about waiting or social pressure, although 15% indicated they would ask the price only if they did not have to wait too long for assistance. Still, 10% said they would not ask the price because they objected to the store's tactic or policy, and would simply leave the display case area.

Customer Reaction to Missing Prices: High Product/Price Variability, No Examination Constraint, by Retail Format. Similar to the above situation, customers were asked their reactions and attributions regarding an item in a category that could vary a lot in product features and price range. However, this scenario presented the item on an open shelf in a department/specialty store versus a discount store. The price was not clearly shown or indicated. Here, the customer was not required to ask a sales associate for price information in searching for the price, possibly diminishing the social stigma of appearing cheap if the price was found to be unacceptable.

All customers in both department/specialty store and discount store contexts said that they would at least make an attempt to find the price in the store, but there were limits to their patience in doing so (71% in department/specialty stores would make some attempt, compared to 85% in discount store situations.) Since many in these purchase contexts could learn the price at the check-out register, i.e. have it scanned before purchase, the customer's ability to learn about the price may be relatively easy if check-out lines are not too long and a cashier is at the register. This implies that customers may be willing to search for prices when there is no obvious barrier or a perceived attempt at manipulation or hard sell via a locked case; or when the price can be determined without much delay.

The reasons for lack of pricing information on open shelves were generally attributed to sloppy management (66% in the department/specialty store, 95% in discount stores) or difficulty in keeping up with the number of items (5% in department/specialty stores, 27% is discount stores.) 35% still felt that the lack of pricing was an attempt at manipulation in department/specialty stores (e.g. cosmetics or shoe displays with no pricing) compared to discount stores (7%.)

Indeterminate Price: An Invitation to Deal. Customers were asked their reaction and retailer attribution where the sales associate indicates a list price that "could come down when you are ready to purchase." This situation is seen when purchasing some high-ticket items where retailer stock and replacement costs can vary over relatively short periods of time (e.g. cars; customized stereo installation) and price negotiation is customary. It is an invitation to further negotiate when the customer is willing to commit to a purchase, i.e. a specific price has not yet been stipulated. The question made no indication of the store format in this case.

No respondent indicated that they would immediately commit to buying the item, but 54% would immediately ask/negotiate the price. 30% would comparison shop other stores, on the internet, *Consumer Reports*, or ask friends for advice. 42% assumed an attempt at manipulation, and 10% would just leave but take the offer under advisement. 13% indicated that the retailer just wanted to be competitive in negotiating price.

Indeterminate Price: An Invitation to Match. Customers were told a specific price, but that the retailer would match any competitor's price they could find on comparable merchandise or services. This situation indicated an actual price for evaluation, but with the possibility of a better price.

In contrast to the previous situation, most customers indicated that they would look to outside sources for comparative information (60%) while 27% interpreted it as an invitation to bargain further without external price search. 94% indicated this tactic was an attempt to be competitive in the marketplace, and a few noted that the retailer might not know the best prices available at every moment. 26% felt that this tactic was a attempt at manipulation (i.e. "buy now, then it's your problem to come back,"), but most perceived the tactic as a guarantee of competitive prices.

MANAGERIAL RECOMMENDATIONS

Most respondents would agree that the best shopping situation is when they can learn the price of an item without much effort or sales pressure. Retailers may not be willing or able to comply for operational or marketing reasons. However, the following recommendations may improve relationships with customers, and possibly sales results.

Low-price or High Product/Price Knowledge Retail Formats

Customers tolerate lack of price information when purchase situations are familiar, when product knowledge is high, and ticket prices are relatively low. Customers will tolerate a lack of price information at retailers known for relatively low prices (grocery stores; discount stores) or value-added convenience (convenience stores.) Retailers in these situations earn some sympathy from customers in dealing with many small items with high turnover. In these cases, missing prices may be annoying, but the customer perceives little risk in making a purchase or asking for price information because he/she assumes the price will be a good value.

Customer manipulation by the retailer seem not to be a major concern, so these formats may ensure good will when clear price information is available. However, since customers appear willing to buy without price search, operational costs of assuring clearly marked prices on every SKU at every moment should be evaluated. Convenience stores seem most vulnerable to the manipulation charge in low-price, frequent-purchase formats, but most customers accept this in light of the convenience provided ("I'm just happy they have it.")

High Price and Low/High Product/Price Knowledge Situations

Customers require price information when anticipating higher price points, but are also most sensitive to the effort involved in price search, perceived manipulation, and social pressures of interaction with sales associates in these retail environments. If customers assume that the price may be too expensive and not affordable, learning the exact price may not be worth the trouble. Customers may become particularly annoyed with long waits for attention, and perceive low levels of service quality when they must deal with a sales associate to learn the price. Department and specialty stores may want to pay particular attention to clear, accurate price marks, and sales signs to assure customers that they merchandise may be affordable, without engendering feelings of customer manipulation.

A hard sell tactic that results in a purchase may actually encourage the customer to avoid the store in the future. In contrast, we may expect an increasing popularity of retailers that provide clear prices. Lower prices contribute to the popularity of discount retailers, but shoppers may patronize these stores because prices more readily observed or estimated, which allows for quicker, less-pressured, and less risky purchase decisions. Websites with clear price information and price comparisons are already perceived as convenient, and may be researched for prices before shopping at brick-and-mortar stores. Such information allows the customer to avoid social embarrassment in finding a product too expensive when shopping in-store. Future research may investigate when and the extent to which customers use the internet and other venues (e.g. direct mail promotions) in searching for price information in categories that typically omit, hide, or provide vague prices, e.g. department store cosmetics, brand name luxury items often found in locked display cases, automobiles, etc.

Retailers may want to opt for more discreet price indicators in perpetuating the "classy image:" mailers from manufacturers; price lists placed on counters for casual perusal; small signs with price ranges of the merchandise in the case; and price tags not intentionally flipped to hide the price. Department stores that stock high-ticket non-necessities might find their sales particularly vulnerable in times of economic downturn if they don't bring the customer as far as possible through the buying process without effort or distress.

A retailer that promises "better offers" must evaluate the benefits of negotiating with each customer, compared to positioning itself as offering low prices. Further, customer defection may arise when the retailer essentially encourages customers to find a lower price, and does not return if they find better offers. More productively, this type of price offer might be framed as the retailer having the most competitive prices in the area, or guarantee a price reduction after purchase if matched by another.

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GENERALIZED AND PERSONALIZED BELIEFS TOWARD ADVERTISING: WHICH ARE BETTER PREDICTORS OF ATTITUDES TOWARD ADVERTISING IN GENERAL?

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ABSTRACT

Some researchers believe that consumer distrust of advertising impedes advertising credibility and reduces marketplace efficiency (e.g., Calfee and Ringold 1987) and therefore is of great importance. From the perspective of individual advertisers, understanding consumers' attitudes toward advertising is important because overall attitudes have been found to influence attitude toward specific advertisements (Lutz 1985), which in turn influences attitude toward brands and purchase intention (Mackenzie, Lutz, and Belch 1986).

While most studies on consumers' attitudes toward advertising are descriptive in nature, aiming to reveal a true picture of how consumers perceive and evaluate advertising, some studies focus on developing, testing, or revising models of consumer beliefs toward advertising. Three directions exist within the later trend of studies: 1) developing, testing, or revising belief dimensionality theory based on the essential meanings of beliefs (e.g., Bauer and Greyser 1968), 2) developing, testing, or revising belief dimensionality theory based on differences in attitudinal objects (e.g., Sandage and Leckenby 1980), and 3) developing, testing, or revising belief dimensionality theory based on differences in attitudinal levels (e.g., Reid and Soley 1982).

The current study builds on studies in the third direction. Reid and Soley (1982) argue that beliefs toward advertising differ across different attitudinal levels. That is, people's generalized beliefs toward advertising are different from their personalized beliefs. In a survey of a probability sample of 260 households in a community, they constructed the questionnaire such that each respondent was asked twice about his/her beliefs toward advertising, one in a generalized term (i.e., advertising misleads and deceives people) and the other in a personalized term (i.e., advertising misleads and deceives me). They found that there exist significant differences between generalized and personalized beliefs. Specifically, they found that people tend to perceive themselves as being less susceptible to advertising as a social force than other people while as profiting less from advertising's economic benefits.

The distinction between generalized and personalized beliefs is important. It implies that the way a survey on people's beliefs and attitudes toward advertising is constructed may well influence the results. In a recent study of the public's attitudes toward advertising, Shavitt, Lowrey, and Haefner (1998) tailored many of the questions to measure beliefs that are based on respondents' own experiences and personally relevant outcomes. They found a more favorable picture of the public's beliefs toward advertising than most previous studies presented. They suggest that the discrepancy might be due to the different type of measurements used.

However, further questions still remain to be asked. First, Reid and Soley (1982) only examined a limited number of belief dimensions (i.e., beliefs toward advertising's social effects and economic effects). Are there differences between generalized and personalized beliefs with regard to a broader belief inventory (e.g., Pollay and Mittal's comprehensive belief model, 1993)? Secondly, assuming that consumers hold relatively stable attitudes toward advertising in general, which are better predictors of these attitudes - the generalized beliefs or the personalized beliefs? In other words, are generalized beliefs and personalized beliefs equally important in determining overall attitudes or one type of beliefs overrides the other? Answers to these questions are important because in order to understand consumer attitudes toward advertising, researchers first need to explore the underlying perceptual antecedents – are they the generalized beliefs or the personalized beliefs or both? The current study aims to address these questions.

Survey results indicate that there exist significant differences between generalized and personalized beliefs toward advertising on 5 out of 7 belief dimensions examined and that personalized beliefs are better predictors of overall attitudes than generalized beliefs.

References Available Upon Request

DYNAMICS OF CONSUMER BELIEFS TOWARD ADVERTISING IN THE 1990S: EVIDENCE FROM LONGITUDINAL NATIONAL DATA

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ABSTRACT

This study examines consumers' changing beliefs toward advertising in the 1990s. Survey results based on nationally representative data indicate a decreasing linear trend in evaluation of advertising's informational value and an increasing linear trend in openness to advertising content. Consumers also seem to become less critical of advertising's negative social effect over time.

INTRODUCTION

The public's attitudes toward advertising have long been of great interest to advertising practitioners and researchers. Consumer distrust of advertising may put the professions of marketing and advertising in disrepute and ultimately require greater advertising spending and creativity to accomplish the same ends (Pollay and Mittal 1993) or in other words, it may reduce marketplace efficiencies (Beales, Craswell, and Salop 1981). The importance of attitudes toward advertising also resides in their impact on attitudes toward specific ads (Lutz 1985), which in turn influence attitudes toward the advertised brands and purchase intentions.

Researchers should make a distinction between attitudes and beliefs toward advertising. Beliefs are descriptive statements about an object (e.g., advertising is entertaining) while attitudes are affective evaluations (e.g., I dislike advertising). Muehling (1987) argued that many studies proposing to investigate attitudes toward advertising technically are dealing with beliefs toward advertising. Theoretically, the construct of attitude-toward-advertising-in-general (AG) is grounded in consumers' beliefs toward advertising in general (Lutz 1985). Pollay and Mittal (1993) considered attitudes to emanate from beliefs, being the aggregation of weighted evaluations of perceived attributes and consequences. The current study focuses on consumers' beliefs rather than attitudes toward advertising.

While there have been numerous snapshots of the public's beliefs toward advertising, few studies have tried to trace the public's changing beliefs over time. A few exceptions include Zanot's (1981) review of 38 public opinion surveys and Calfee and Ringold's (1988, 1994) two studies using poll results.

Zanot (1984) traced the public's beliefs toward advertising from the 1930s to the 1970s by chronicling 38 public opinion surveys conducted during that period. Zanot noted that the earlier surveys (from the 1930s to the 1950s) reflect relatively stable beliefs toward advertising and portray an American public that was basically satisfied and content with the advertising in their midst. A growing disenchantment with advertising was found from survey results during the 1960s (Zanot 1984). Survey results from the 1970s reflect a decidedly negative public opinion toward advertising (Zanot 1984). These findings contribute to our understanding of the dynamics of the public's beliefs toward advertising during this time period. However, because of differences in sampling and methodology used by the 38 studies, it is difficult to draw rigorous correlations and comparisons among and between individual studies (Zanot 1984). Probably because of these limitations, Zanot made little attempt to tabulate historical patterns in the public's responses to identical or near-identical survey questions (Calfee and Ringold 1994).

Calfee and Ringold conducted two longitudinal studies in 1988 and 1994. In the first study, Calfee and Ringold (1988) collected poll items related to beliefs toward advertising from 1940 to 1987 through a public opinion research archive. The poll results strongly suggest that consumers were deeply skeptical of advertising claims during that period. Moreover, public opinion remained extraordinarily constant for the two decades or more (Calfee and Ringold 1988). In the second study, Calfee and Ringold (1994) collected poll items from the same archive but primarily focused on national surveys by the major polling organizations from 1930 to 1992. The database allows for observation across more than 60 years and most of the surveys are based on probability sampling. They found that about 70% of consumers thought that advertising is often untruthful, it seeks to persuade people to buy things they do not want, it should be more strictly regulated, and it nonetheless provides valuable information. They noted that these beliefs had remained remarkably stable over the time period examined. However, there are also insurmountable limitations associated with the data. Among them are a possible lack of construct validity and a wide variability in question wording and format, including response categories (Calfee and Ringold 1994), which to a great extent limits valid longitudinal analyses.

Almost no study has been conducted to trace the public's changing beliefs toward advertising in the 1990s. The current study utilizes data from DDB Needham Life Style annual surveys to document the dynamics. Although questions may also be raised regarding construct validity of the questions being asked in the surveys, the DDB data have several advantages for longitudinal analyses: (1) questions of strong interest are asked repeatedly each year, (2) repeated questions are asked in the same wording and format in each survey, (3) response categories and wording for the same question remain the same in each survey. These advantages allow valid comparisons of responses across years and observation of emerging trends. In addition, for most questions, subjects responded to 6-point semantic differential scales, e.g., from definitely agree to definitely disagree, instead of dichotomous choices, e.g., agree and disagree, which allows for more sophisticated statistical analyses and provides richer information.

METHOD

Data

Each year, the DDB Needham Life Style study selects approximately 5,000 adult Americans based on quota sampling. The sample closely approximates the U.S. adult population in age, gender, income, geography, and other demographics. The subjects are asked several hundred questions about their attitudes, interests, opinions, personality traits, activities, and product consumptions. The response rates for the surveys are typically over 60%. The 1993, 1994, 1995, 1997, 1998, 1999 Life Style data were used in this study. Unfortunately, data from early 1990s are unavailable to the author and were not included. However, given that the public's beliefs are not expected to change dramatically over one or two years, and that the current data allows for monitoring the public opinion across 7 years, this series of data is expected to provide some useful information on the public's beliefs toward advertising within this decade.

MEASURES

In each survey, a number of questions regarding beliefs toward advertising were asked. Some questions were asked only in some of the surveys but some questions of strong interest to this study were asked in each of the surveys, providing a basis for valid longitudinal analyses. Table 1 lists the survey questions and the years in which they were asked. The four questions that were asked each year are of primary interest to this study. Conceptually, the four items tap into the two dimensions of beliefs toward advertising proposed by Sandage and Leckenby (1980)[3] with *information* and *insults* tapping into the dimension of institution and *alcohol* and *sex* tapping into the dimension of instrument.

ANALYSIS AND RESULTS

This study uses TREND ANALYSIS to test significance of increasing or decreasing trends in the public's evaluation of the informational value of advertising (as measured by *information*), the public's openness to advertising content (as measured by *alcohol* and *sex*), and the public's criticism of advertising's negative social effect (as measured by *insults*). Trend analysis can be accomplished along with One-way ANOVA in SPSS by choosing the polynomial contrasts option and can be used to test linear, quadratic, and cubic trends existing in data with quantitative independent variable(s). In this study, linear trends are of primary interest.

To see whether the two-dimensional factor structure clearly exists in consumers' beliefs toward advertising, the four items were submitted to a principal components analysis with a varimax rotation, using Eigenvalues of 1 or above as the criterion to retain interpretable factors. The factor analysis was performed for each year separately in order to test the robustness of the factor structure.

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[3] Sandage and Leckenby (1980) made a distinction between beliefs toward advertising as an institution and beliefs toward advertising as an instrument. They used the term "institution" to refer to the purpose and effects of advertising, and "instrument" to refer to its executional attributes.

A clear two-dimensional factor structure emerged for all the separate annual data. The four items loaded highly on their hypothesized factor and loaded only marginally on the irrelevant factor. On average, about 64% of the variance in the data was explained by the two factors. The results of factor analysis for each annual data exhibit high consistency in terms of factor loadings and variance explained, indicating robustness of the two-dimensional factor solution.

Although a clear two-factor solution is replicated for each year's data, trend analysis was performed for each belief toward advertising instead of the two factors with aggregated values of the respective items. The reasons why they were analyzed separately are: 1) the two-item scales seem to possess relatively low reliability (Alpha = .50 for the instrument scale, Alpha = .42 for the institution scale), 2) each of the survey question taps into specific domain of the public's beliefs toward advertising and should be of great interest to practitioners. Figure 1 depicts mean response values for each belief across the six years.

The overall mean of the responses to *information* is 3.77 and on average, over 52% of the subjects agreed that information from advertising helps them make better buying decisions. From 1993 to 1999, the public's evaluation of advertising's information value seems to decrease in a linear fashion. The omnibus One-way ANOVA revealed significant differences in the mean responses across the six years ($F = 14.27$, $p < .001$). Results of trend analysis indicate that there is a significant decreasing linear trend in the public's evaluation ($F = 66.14$, $p < .001$). Therefore, the public seems to show decreasing appreciation of the advertising's informational value over time in the 1990s.

Although the public generally agreed that advertising insults their intelligence (overall mean = 3.55), the criticism seems to decrease over time in the 1990s. In 1993, more than 56% of the subjects agreed that advertising insults their intelligence; in 1999 the number is only around 43%. Results of the omnibus One-way ANOVA indicate that there exist significant differences in the mean responses across the six years ($F = 8.81$, $p < .001$). Trend analysis revealed a significant decreasing linear trend in the public's criticism of advertising's negative social effect ($F = 38.44$, $p < .001$).

On average, more than 77% of the subjects agreed that TV commercials place too much emphasis on sex and more than 27% of the subjects definitely agreed with this statement about advertising. The overall mean for the responses is as high as 4.55 on a 6-point scale. There seems to be a decreasing linear trend in the public's perception of sex content in advertising. The omnibus One-way ANOVA revealed significant differences in the mean responses across the six years ($F = 51.28$, $p < .001$). Results of trend analysis indicate a significant decreasing linear trend ($F = 232.50$, $p < .001$).

The public held split opinions regarding alcohol advertising (overall mean = 3.43). While in 1993, 49.5% of the subjects were against alcohol advertising; in 1999 the number shrinks to 43.4%. The omnibus One-way ANOVA revealed significant differences in the mean responses across the six years ($F = 10.97$, $p < .001$). A significant decreasing trend is also underlying the data ($F = 36.62$, $p < .001$). In some sense, there seems to be an increasing openness to traditionally inappropriate advertising content.

CONCLUSIONS AND DISCUSSION

Based on the DDB Needham Life Style survey data, this study documents the dynamics of the public's beliefs toward advertising during the 1990s. Trend analysis revealed that there is a significant decreasing linear trend in the public's evaluation of the advertising's informational value. Although the public generally admitted that information from advertising helps make better buying decisions, the appreciation seems to diminish over time. Since informativeness has been found as one of the perceptual antecedents of advertising value (Ducoffe 1995), the public's diminishing appreciation of this merit may imply diminishing confidence in the value of advertising. Brand managers rely on advertising to communicate with their potential customers. With diminishing confidence in the value of advertising, consumers may be less attentive to advertising and further more may develop a cynicism toward advertising. Advertising practitioners and researchers should be warned of the public's increasing disenchantment with advertising.

On the other hand, there seems to be decreasing criticisms of advertising's negative social effect over the time period examined. The decreasing linear trend is significant, according to the results of trend analysis. The fact that the proportion of subjects who agreed that advertising insults their intelligence decreased by more than 30% from early 1990s to the end of 1990s should be encouraging to the advertising industry.

It is also interesting to note that consumers are increasingly open to traditionally inappropriate advertising content. Although the public was still severely criticizing undue sexual content in TV commercials, the criticism also seems to decrease over time. The decreased criticism might due to the public's perception of less sexual content in TV commercials or simply due to the public's increased tolerance of such content. Meanwhile, fewer consumers are against alcohol advertising in late 1990s than in early 1990s.

Findings from this study provide a dynamic picture of the public's beliefs toward advertising in the 1990s. From the standpoint of advertisers, it is important to monitor emerging trends in the public's beliefs toward advertising and subsequently adjust their communication strategies. From the standpoint of advertising regulators, it is also essential to monitor the trends in public's responses to advertising, especially trends of negative perceptions, and bring about industry policies that would potentially address the problems.

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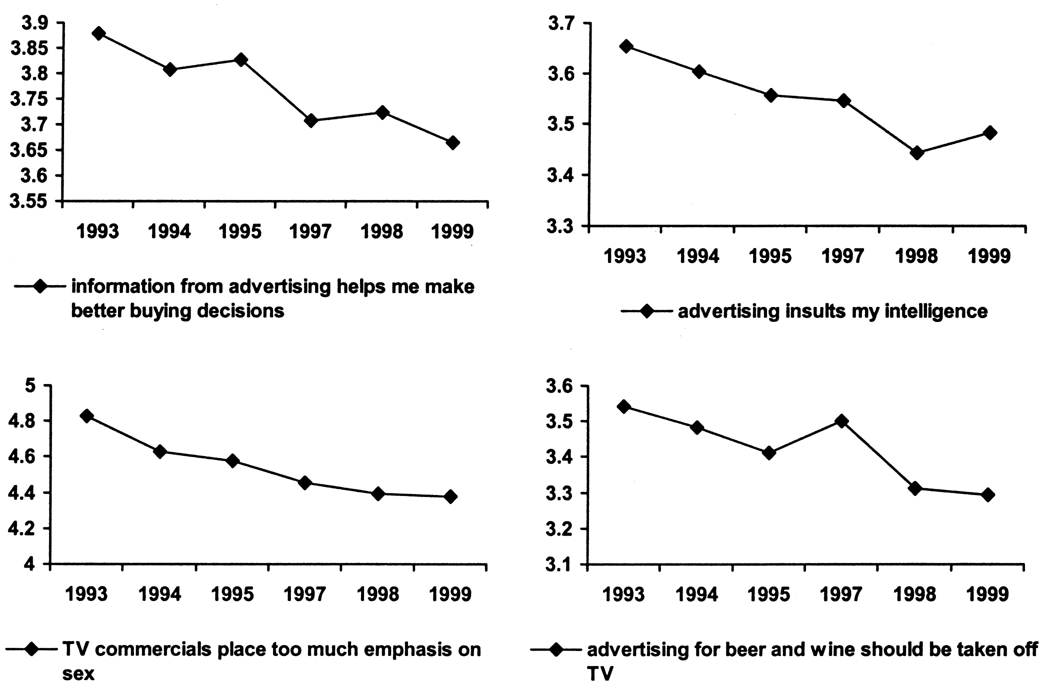
Table 1
DDB Life Style Survey Questions

1. I avoid buying products advertised on shows with too much sexual content.[a]
2. Advertising insults my intelligence.[b] (abbreviated as *insults*)
3. I avoid buying products advertised on violent TV programs.[a]
4. Advertising for beer and wine should be taken off TV.[b] (abbreviated as *alcohol*)
5. Information from advertising helps me make better buying decisions.[b] (abbreviated as *information*)
6. TV commercials place too much emphasis on sex.[b] (abbreviated as *sex*)
7. I refuse to buy a brand whose advertising I dislike.[a]
8. Advertising directed to children should be taken off television.[a]

[a] Asked in 1997,1998,1999
[b] Asked in each year

Figure 1*
Mean Response Values for Each Belief Across the Six Years



*Score indicates the degree of aggreement with the statement. "1" represents "Definitely Disagree", "2" represents "Generally Disagree", "3" represents "Moderately Disagree", "4" represents "Moderately Agree", "5" represents "Generally Agree", "6" represents "Definitely Agree"

SUNK COST EFFECT, ESCALATION OF COMMITMENT AND THE PRINCIPLE OF FUNGIBILITY: CONSUMERS' REACTIONS TO MEMBERSHIP CARDS

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ABSTRACT

The sunk cost effect and escalation of commitment theories are used to assess membership card pricing on consumer purchasing intentions. A simulation experiment is conducted to study the sunk cost effect and escalation of commitment theories prediction that individuals' prior investments in a membership card increase the card members purchasing intentions. As a result of this experiment, no evidence of the sunk cost escalation of commitment effect is found. Also, the effect of sources of windfall gains on cognitively related and unrelated products is investigated. Evidence indicates that consumers are more likely to purchase goods that are cognitively related to the source of the windfall gain.

INTRODUCTION

Membership cards are a popular promotional technique used by firms of diverse industries to increase sales. In 1999, the Office World News estimates that 59% of US adults used membership cards. Customers of the healthcare industry, airlines, telephone companies, hotels, private clubs, restaurants, and book clubs use membership cards. The concept of selling membership cards (for about $40 per card) has captured over 58 million customers in warehouse membership programs such as Costco, BJ's and Sams Club (O'Sullivan 2000).

Despite the extensive use of membership cards, to our knowledge no research has examined consumers' reactions to membership cards pricing and windfall gains. To address this issue, a simulation experiment is conducted to study the impact of membership card pricing on purchase intentions, perceived fairness of the membership card price, and satisfaction with the membership card issuer. Also, the effect of cognitive related and cognitive unrelated windfall gains on purchase intentions of membership cardholders is examined.

The investigation of the impact of membership card pricing on purchase intentions is based on the sunk cost theory and the escalation of commitment (Arkes 1996; Arkes and Blumer 1985; Armstrong, Coviello and Safranek 1993; Bazerman 2002; Bowen 1987; Brockner and Rubin 1985; Hantula and Bragger 1999; Staw and Ross 1987; Teger 1980; Thaler 1991b). To study the effect of cognitive related and unrelated windfall gains on membership cardholders' purchase intentions, the principle of fungibility is used (Arkes et al. 1994; Heilman, Nakamoto, and Rao 2001; Shefrin and Thaler 1991; Thaler 1990; Thaler 1991a).

THEORETICAL BACKGROUND AND HYPOTHESIS

Sunk Cost Theory and Escalation of Commitment

Proponents of the marginal economic theory suggest that fixed costs (i.e. sunk costs) are irrelevant for decision-making processes (Marshall 1988 [1890]). Hence, rational decisions are solely based on marginal costs and marginal benefits. Rohlf (1998) states that decision makers should "think marginally" (p. 136) and avoid including the unavoidable sunk costs in their decision-making.

However, the sunk cost effect and the escalation of commitment offer a competing explanation to the orthodox economic marginal theory. For example, it explains the behavior of investors who continue throwing money into non-profitable projects. Individuals incorporate previous costs in their-decision making processes and continue with early investments because they have, *too much invested to quit* (Teger, 1981). The sunk cost effect has been empirically tested in both the laboratory and the field, in a variety of situations, such as poor relationships, conflicts, gambling, and career choices (Arkes and Blumer 1985; Teger 1980).

Also, Thaler (1991a) argues that marginal cost based models do a poor job in predicting behaviors of average consumers because consumers regard historical costs as relevant. Using Kahneman and Tversky's (1979) value function, Thaler (1991a) models the existence of the sunk cost effect. The convexity of the value function is used to explain the rationale of the following behaviors:

> "Example 4. A family pays $40 for tickets to a basketball game to be played 60 miles from their home. On the day of the game there is a snowstorm. They decide to go anyway, but note in passing that had the tickets been given to them, they would have stayed at home.
> Example 5. A man joins a tennis club and pays a $300 yearly membership fee. After two weeks of playing he develops a tennis elbow. He continues to play (in pain) saying, I don't want to waste the $300!" (Thaler 1991a, p. 11).

Arkes and Blumer (1985) present a psychological explanation for Kahneman and Tversky's (1979) prospect theory and for the sunk cost effect and argue that sunk costs are difficult to ignore because consumers believe that ignoring them constitutes an admission that prior money was wasted. The appearance of wastefulness may even motivate people to make choices that contradict their economic self interests (Arkes and Blumer 1985). Noteworthy is the fact that Arkes and Blumer (1985) found that having taken prior courses in economics did not lessen the sunk cost effect.

Also, Bazerman (2002) argues that there is a tendency for individuals to escalate commitment to their initial decision and that inertia directs us to continue with our previously selected course of action. This tendency may be explained by the fact that most individuals are taught from an early age to try and try again (Bazerman 2002). Furthermore, Staw and Ross (1987) contend that individuals are more likely to be rewarded for escalating commitment than for changing a course of action. Finally, Brockner and Rubin (1985) demonstrated that individuals' commitment to a course of action might go beyond the level suggested by rationality.

Based on the sunk cost and escalation of commitment theories we propose that a positive relationship exists between the price of a membership card and the consumers purchase intentions. A negative relationship exists between the price of a membership card, the consumers' perceived fairness of the membership card price, and satisfaction with the membership card issuer.

> H1. As compared to consumers who invested more money in a membership card (higher sunk cost), consumers who invested less money in a membership card (low sunk cost) are less likely to purchase at the firm that issued the membership card, experience a higher customer satisfaction, and perceive the price of the membership card as fair.

The Principle of Fungibility

> "Mr. and Mrs. L and Mr. and Mrs. H went on a fishing trip in the Northwest and caught some salmon. They packed the fish and sent them home on an airline, but the fish were lost in transit. They received $300 from the airline. The couples took the money, went out to dinner and spent $225. They had never spent that much at a restaurant before" (Thaler, 1991b, p.25).

Thaler (1991b) argues that the purchasing behavior of Mr. and Mrs. L and Mr. and Mrs. H is explained by the fact that the $300 was put into both "windfall gain" and "food account." However, Thaler's (1991b) scenario violates a fundamental assumption of the orthodox economics theory, the principle of fungibility. The principle suggests that the source of money (e.g., work, gift, windfall gain) should not make a difference in its consumption (i.e., marginal propensity to consume, MPC) (Von Neumann and Morgenstern 1947).

In his seminal article, Thaler (1990) challenges the principle of fungibility by stating that consumption is extremely sensitive to income and that the MPC of all types of wealth are different. Thaler (1990) and Shefrin and Thaler (1991) note that the MPC of a current income account is larger than the MPC of an asset account, and that the MPC of an asset account is larger than the MPC of a future income account. Shefrin and Thaler (1991) suggest that the current income account is more *tempting* to occupy than others.

Thaler (1991) proposes that consumers' budget constraints are mostly influenced by their income flow and that most purchasing decisions are influenced by the current income account. In the same vain, Arkes et al. (1994) argues that unearned gains (i.e. windfall gains) are not perceived as valuable earned money and are more readily spent. Heilman, Nakamoto and Rao (2001) investigated the effect of an in-store surprise coupon (i.e. windfall gain) on consumers' purchases made on a shopping trip and found that in-store surprise coupons increase the size of the shopping basket and the number of unplanned purchases of products that are cognitively related to the product primed by the coupon (e.g., spaghetti in-store coupons increase the demand for spaghetti sauce and bread sticks). Hence, we contend that consumers purchase intentions of membership cardholders are higher for cognitive related windfall gains compared with cognitive unrelated windgall gains.

> H2. Purchase intentions are influenced by the sources of windfall gains. Consumers are more likely to purchase goods that are cognitively related to the source of the windfall gain.

METHOD

Subjects, Experimental Design, and Procedure

A sample of 139 students from the University of South Florida participated as volunteers in the experiment. Participants in the study included 54 seniors (38.8%), 53 juniors (38.2%), 26 sophomores (18.7%), 3 freshmen (2.2%), and 3 MBA graduates (2.2%). The average age of the participants was 23.5 years, ranging from 17 to 43 years of age, 19 students were married (13.7%), 120 students were employed (82.3%), 83 students were females (59.7%), the average income was US$ 29,570, and the average annual book purchase was US$ 623. Participants were randomly assigned to each treatment condition of the experimental design and each participant received extra class credit for their participation.

The experimental design is a two-by-two complete factorial design; 2 sunk cost factors (high and low) and two windfall gain sources (cognitively consistent and cognitively inconsistent). Using a common script, participants were told that they were taking part in a study to determine membership cardholders purchasing decision-making processes. They were asked to evaluate a membership cardholder decision and to respond to purchase related questions. Each participant completed the survey in approximately 10 minutes, after which they were debriefed.

Case Scenario

Participants were told that they had bought a one-year non-refundable membership card for a bookstore close to campus and that the membership entitles them to discounts on books and other products and to a guaranteed buyback of books. In addition, they were told that another bookstore that does not offer membership cards is also located close to campus and that the new bookstore advertises the same discounts on books and products and guarantees the buyback of books. Books were used in the study because books are homogeneous goods (i.e. product attributes are controlled) and all participants are familiar with the product.

The sunk cost effect was manipulated using two different prices (high, low) for the non-refundable bookstore membership card. Sixty-eight (49.9%) participants from the high sunk cost condition were told that they had bought a non-refundable bookstore membership card for $50, and 71 participants (51.1%) from the low sunk cost condition were told that they had bought a non refundable bookstore membership card for 1 cent.

The windfall gain (cognitively related with the purchase, not cognitively related with the purchase) was manipulated using two different sources of incremental income. Seventy-one participants (51.1%) were assigned to the first condition and were told that they had received a $100 check as a gift from a publisher and that they could cash the check and use the extra money to buy whatever they wanted, to keep it, or save it, with no further obligation to the book publisher. Sixty-eight participants (48.9%) were assigned to the second condition and were told that they had received a $100 check from a tax rebate of the State of Florida and that they could cash the check and use the extra money to buy whatever they wanted, to keep it, or save it.

Measures

After the participants read the case they were asked to respond to questionnaires that included measures of purchase intentions, customer satisfaction, and membership price fairness. Finally, participants were asked to respond to demographic information. Two versions (arranged in different order) of the questionnaire were used for each treatment group to control for potential order effects.

The experimental questionnaire contained two 3-item 7-point rating scales of consumer purchase intentions. The scales contained items such as, "how likely would you buy from Bookstore A?" The endpoints used were *definitely would buy* and *definitely would not buy* (Cronbach □ = 0.84 for the membership issuer bookstore, and Cronbach □ = 0.70 for the non-membership issuer bookstore). Membership price fairness is measured using a 3-item 7-point rating scale (□ = 0.93). The scale contained items such as, "how fair were the prices charged by Bookstore A for their membership cards?" The endpoints used were *very fair* and *very unfair*. Customer satisfaction is measured using Crosby and Stephen's (1987) consumer satisfaction scale (reported Cronbach □ = 0.96) with Cronbach □ = 0.97. All instruments report item reliability above the 0.7 recommended by Hair, Anderson and Black (1995). No evidence of ceiling or floor effects is observed in the instruments used.

RESULTS AND DISCUSSION

First, manipulation checks were used. Three-item 7-point scales were subjected to analysis of variance (ANOVA) to gauge the participants' perceptions of the experimental conditions, sunk cost (high, low) and windfall gain (cognitively related, cognitively not related). Significant main effects were detected for both sunk cost [$F(1,138)= 88.5$, $p<0.01$] and windfall gain [$F(1,138)= 139.7$, $p<0.01$]. Cronbach's alpha for both sunk cost and windfall gain measures are above 0.85. Based on these results, the experiment manipulations are regarded successful.

Second, analysis of variance (ANOVA) models were used to measure the effect gender, marital status, education level, income and previous book purchases on book purchase intentions, customer satisfaction, and perceived membership price fairness. None of the variables were significant at □ = 0.05, suggesting that the demographic variables used do not explain purchase intentions, customer satisfaction, and perceived membership price fairness.

Hypothesis Testing

A MANOVA model was conducted to test the effect of sunk cost and windfall gain source on book purchase intentions, customer satisfaction, and perceived membership price fairness. A MANOVA model is used to account for the correlation among purchase intentions, customer satisfaction, and perceived price fairness. Based on Pillai's Trace, Wilks' Lambda, Hotelling Trace, and Roy's Largest Root, the model was significant at □ < 0.05. Separate ANOVA models were conducted for purchase intentions (at the bookstore which issued the membership card and at book purchases in general), customer satisfaction, and perceived membership price fairness. Table 1 shows the means, degrees of freedom, mean squares, and significance levels for the high and low membership price groups and the cognitively related and cognitively not related windfall gains for each of the four dependent variables. No significant interaction (at □□ = 0.05) was found between sunk cost and windfall gain source for any of the dependent variables (Table 2).

Sunk Cost

The results of the experiment fail to support the H1. As compared to consumers who invested more money in a membership card (higher sunk cost), consumers who invested less money in a membership card (low sunk cost) were more (rather than less) likely to purchase at the firm that issued the membership card, experience a higher customer satisfaction, and perceive the price of the membership card as fair (See Table 1). Therefore, no evidence that supports the sunk cost effect and escalation commitment theories is found.

A plausible explanation for the lack of support for H1 is that consumers who paid a higher price for the membership card perceived this price as being unfair and excessive. Researchers have found that consumers are often unwilling to pay a price perceived as unfair (Kahneman, Knetsch, and Thaler 1986), that fairness perception impacts consumer satisfaction (Jaramillo and Cano 2002), and that customer satisfaction is strongly related to purchase intentions (Taylor et. al 1997). In this study, the correlation between membership price fairness and customer satisfaction with the membership card issuer is 0.79, and the correlation between purchase intentions at the bookstore of the membership card issuer and customer satisfaction is 0.77 (both correlations are significant at □ <0.05).

An alternative explanation to the sunk cost effect and escalation of commitment theories (Brockner and Rubin 1985; Bazerman 2002) was formulated by Bowen (1987). Bowen (1987) criticized Brockner and Rubin's (1985) findings and argues that the escalation phenomenon is a consequence of information uncertainty (i.e. equivocality feedback) rather than an irrational behavior. The lack of support for H1 may also be explained by social exchange theory. Social exchange theory suggests that exchange relationships between two parties yield a pattern of reciprocal obligations in each party that go beyond purely economic exchange such that a party which receives something from other party develops a sense of obligation to reciprocate (Blau 1964). Participants who received a membership card for a very low price may feel obligated to buy at the bookstore that issued the membership card.

Windfall Gains

The results of the experiment support H2. Purchase intentions are influenced by the source of windfall gains. Purchase intentions are influenced by the sources of windfall gains. It is found that consumers are more likely to purchase goods that are cognitively related to the source of windfall gain. After controlling for the effect of customer satisfaction and perceived fairness of the price of the card membership, at □ < 0.05, participants who received a windfall gain that was cognitively related to book purchases (e.g. a check received from book publisher) were more likely to purchase books, compared with participants who received an equivalent sum of a windfall gain that was not cognitively related to book purchases (e.g. a check received from the State of Florida) (See Table 1).

CONCLUSIONS

This study examines the effects of the sunk cost effect/escalation of commitment theories and windfall gain sources on consumer purchase intentions, satisfaction, and perceived fairness of membership card prices. Two findings are drawn from this study. First, consumers who were exposed to high, as compared to low membership card prices (i.e. low sunk cost effect) experienced lower levels of purchase intentions, satisfaction, and perceived membership card price fairness. Hence, no evidence of the sunk cost effect/escalation of commitment theories is found. The managerial implication of this finding is that firms that price membership cards at a price that is perceived by its customers as unfair may obtain lower customer satisfaction indices and customer purchase intentions. Hence, lower sales revenues might diminish the increase in profits obtained by high membership card prices.

It is also found that consumers are more likely to purchase goods that are cognitively related to the source of the windfall gain. This finding has managerial implications for firms who promote their products using coupons (Heilman, Nakamoto, and Rao 2002) or rebates because consumers who receive a windfall gain from these sources are likely to buy larger amounts not only of the products offering the coupon or rebates but also of other cognitively related products.

Limitations and Future Research

Paper and pencil experiments do not capture all of the features and characteristics of real purchase decision-making processes of membership cardholders. Also, participants in the experiment are business students who have been exposed to marketing and other social science courses, which might influence their reactions to experimental manipulations.

Although not exhaustive, the following research questions should be explored in future research. Under what conditions do the sunk cost and escalation of commitment theories hold for marketing related decisions? Which factors does the consumer take into account to perceive a membership card price as fair? Which variables moderate and mediate the windfall gain, purchasing intentions relationship? How do consumers react to a windfall loss that is cognitively related or unrelated to a product?

TABLE 1
ANOVA Results

Independent Variables	Dependent Variables	Level	Mean	D.F.	M.S.	Significance
Sunk Cost	Purchase Intention Membership Issuer	High Low	2.37 3.6	132	51.11	0.01
	Purchase Intention Books	High Low	3.38 3.82	130	6.65	0.03
	Customer Satisfaction	High Low	2.47 4.63	124	149.21	0.01
	Membership Price Fairness	High Low	2.25 5.01	135	265.05	0.01
Windfall Gain	Purchase Intention Membership Issuer	CR[1] CNR[2]	3.00 2.95	132	0.10	0.81
	Purchase Intention Books	CR[1] CNR[2]	3.74 3.41	130	5.57	0.04
	Customer Satisfaction	CR[1] CNR[2]	3.57 3.53	124	0.03	0.91
	Membership Price Fairness	CR[1] CNR[2]	3.57 3.69	135	0.52	0.67

CR[1] Cognitively Related Windfall Gain
CNR[2] Cognitively Not Related Windfall Gain

TABLE 2
Sunk Cost and Windfall Gain Interactions

Dependent Variables	D.F.	Mean Squares	F	Significance
Purchase Intention Membership Issuer	132	0.91	0.5	0.48
Purchase Intention Books	130	0.32	0.44	0.51
Customer Satisfaction	124	0.54	0.24	0.62
Membership Price Fairness	135	1.21	0.42	0.52

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SUPPLIER PORTFOLIOMENT: A STRATEGIC APPROACH

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ABSTRACT

The competitive business environment in the automotive industry has forced vehicle manufacturers (VMs) to improve their relationship strategies towards their suppliers. VMs have implemented supplier segmentation in order to optimise current business activities and existing resource allocations. Supplier selection criteria have also become crucial in order to achieve an appropriate evaluation of suppliers. Models of supplier segmentation and supplier selection criteria underpin theoretically this research. Empirical illustrations of supplier segmentation based upon the perspectives of a VM and its suppliers are presented. The principal contributions of this study are the various models therein. One of the models consists of two dimensions: the supplier's commitment to a VM, and the commodity's importance to a VM. In extension, another model of dynamic relationship strategies is introduced. It consists of four relationship strategies towards suppliers in the automotive industry, such as family, business partner, friendly, and transactional. Furthermore, a four-phase process for the analysis, selection, and managerial decision of a dynamic relationship strategy towards suppliers in the automotive industry is outlined.

ANTECEDENTS AND CONSEQUENCES OF TRUST IN SMALL BUSINESS-SUPPLIER RELATIONSHIPS

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ABSTRACT

The need for innovative small businesses to develop close collaborative relationships with their key suppliers is often a fundamental management imperative as these firms commonly require significant investment, production and technical support to successfully commercialize their new technology, and generally need to work cooperatively with key suppliers over extended periods of time. This paper addresses the much-neglected area of the development and performance of key business relationships for small firms. Specifically the paper explores the development of trust and the consequent performance outcomes for high-technology small firms in their relationship with their key supplier, a relationship that is typically asymmetric in nature. Generally, traditional thought has indicated these imbalanced relationships are characterized by less cooperation and greater conflict. The central thesis of this paper, however, argues that the presence of trust between the small firm and key supplier should attenuate some of the typical consequences of imbalanced relationships and lead to significantly more cooperative and satisfying supplier relations for the small firm.

Findings from 238 small business-supplier relationships indicated that supplier performance, goal congruence and social bonds were significant factors influencing the level of supplier trustworthiness; and even in these imbalanced relationships the existence of trust can lead to relations that are highly cooperative and satisfying for the vulnerable small firm.

This paper makes a contribution by adding to the limited empirical work that has considered the central role of trust in inter-firm relationships, and in particular its development and consequences for relationship behavior and performance in asymmetric relationships. As academics we are frequently exhorted to address "real" problems facing "real" managers. In inter-organizational research, we have such a problem, for small business managers are generally not very skilled in building cooperative relationships, or in creating conditions that foster cooperation among others. This study indicates that collaborative interactions can be developed in imbalanced channel relationships if they are infused with high levels of trust, and to develop these relationships small firms can largely determine the trustworthiness of their suppliers through reference to the supplier's past performance, and the development of goal congruence and interpersonal relationships with their key suppliers. Also, knowing small business response functions to seminal aspects of the supplier's behavior in the relationship, the supplier is in a position to develop a better-informed relational marketing program that will optimize the small firms interest in fostering a close collaborative relationship.

Although no single study can be complete in its treatment of the many factors affecting the development of trust and its consequences in business relationships, the factors examined in this study as potential antecedents of the degree of trust the small business has in its key supplier were able to explain 72 percent of the variance in supplier trustworthiness. This indicates that the inter-organizational climate between the business partners is a key predictor of trustworthiness. Further, although some economists have shown skepticism toward the embeddedness thesis and downplay the role of social relations, the findings of this study point to the significance of prior exchange relations and the interpersonal context in the development of perceptions of a partner's trustworthiness and subsequent relationship behavior.

Finally, a study of this nature is not immune from limitations and fruitful opportunities for future research. The research is based on cross-sectional analysis that measures dynamic phenomena such as the effects of supplier behavior on small business perceptions of supplier trustworthiness. Future research should investigate the carry-over effects of particular supplier behaviors on small business attitudes and behaviors from one period to the other, and finally on relationship performance. The direction of causality of the variables included in this study's model has also been questioned and it is likely that the relationships between these variables are typically reciprocal in nature and evidence of an underlying relational climate. Longitudinal research is needed to improve our limited understanding of the dynamics of trust, cooperation, satisfaction and conflict within ongoing business relationships.

TARGETS OF COMMITMENT IN SERVICE PROVIDER-CONSUMER RELATIONSHIPS

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ABSTRACT

Commitment has been found to be a predictor of service loyalty-related outcomes such as advocacy, willingness to pay more or repurchase intentions; however, in most marketing studies, the target of a customer's commitment is not clearly defined, nor have potential differences between various targets of commitment been fully explored. The purpose of this paper is to explore the question of whether there are three distinct targets of commitment in consumers' relationships with their service providers; commitment to the service company, commitment to the individual service provider, and commitment to the individual provider as a friend or acquaintance. If there are, it is important for marketers to appreciate these differences, to understand the relationships between them and how they may differentially affect consumer loyalty to the organization.

To address this issue, a prototyping methodology was used; this approach is commonly used in the psychology literature to examine the nature of commitment. Towards this end, consumers were asked to list the attributes that best described their commitment to a specific target (either a friend, a service provider, or a service company); a second group of consumers rated these attributes according to how central (i.e., how good an example) they were to the concept of commitment to that particular target.

The results of the prototyping analysis provide preliminary evidence to suggest that there are three targets of commitment in a service relationship. These findings are similar to the results found in the organizational behavior and psychology literatures (e.g., Adams and Jones 1999; Meyer and Herscovitch 2001) that commitment can differ depending on the target. Targets of commitment differ based on the entity and the role associated with each target. It appears that there are three related targets of commitment in a service context: interpersonal commitment (entity =person, role = friendship), service provider commitment (entity = person, role = service provider), and service company commitment (entity = service company/brand, role = service provider). The presence of these three targets of commitment has implications for future research on the role of consumer commitment in services.

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A CONCEPTUAL FRAMEWORK FOR MEASURING E-SERVICE QUALITY

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ABSTRACT

The idea of service quality is increasingly important to managers of companies with a web presence. Measuring e-service quality is becoming an important topic to understanding what customers' value in an online service transaction. The goal of this paper is to conceptualize e-service quality by exploring the process, outcome, and recovery dimensions of service quality.

INTRODUCTION

Delivering quality in services has been shown to be an important strategy for marketers who are trying to differentiate their service offerings, by establishing customer value and satisfying consumer needs (Ozment and Morash, 1994). The idea of service quality is becoming increasingly important as well to managers of companies with a web presence, because more and more consumers are taking the "plunge" and facilitating exchanges with companies over the Internet (Slywotzky and Morrison 2001). Due to past failures, online retailers are learning that e-service quality must be customer oriented (Katz 2001). Consumers are emphasizing the point that shopping on the Internet means more than just transactions to them. Companies must now be concerned with the process of how the service is delivered, along with how the consumer perceives the outcome of the service rendered. Additionally, if problems arise a company must be aware of how the quality of the service recovery is perceived during the resolution of the problem. Service quality has been shown to promote customer loyalty and retention (Imrie et al. 2000), which is especially important to online retailers. The goal of this paper is to conceptualize a framework to measure e-service quality by exploring process, outcome, and recovery dimensions. We will start by discussing past literature about service quality and how it relates to the conceptualization and measurement of e-service quality.

SERVICE QUALITY

The conceptualization of service quality has its roots in expectancy disconfirmation. Many early marketing researchers adopted this theory as the foundation for measuring service quality (Gronroos 1982, 1984; Parasuraman, Zeithaml, and Berry 1985, 1988). These early researchers stated that service quality was measured by the difference in consumer's expectations and the perceived performance of the service. The SERVQUAL model by Parasuraman et al. (1985, 1988) measured service quality on the five dimensions of tangibles, responsiveness, reliability, assurance, and empathy.

The SERVQUAL model has come under extensive criticism by marketing researchers because of the difficulty in replicating its dimensions (Carman 1990; Cronin and Taylor 1992; Babakus and Boller 1992). In addition, Cronin and Taylor (1992) maintained that expectations were not necessary in the measurement of service quality. Cronin and Taylor came up with their own conceptual model called SERVPERF that measured service quality based solely on perception of performance. Other researchers have recently performed studies on whether disconfirmation or perceptions is a better measurement and found that perceptions performed better than either computed or measured disconfirmation in evaluating service quality (Dabholkar, Shepherd, & Thorpe 2000). More and more researchers are excluding expectations in recent research in measuring quality in services (Brady and Cronin 2001, Mentzer et al. 2001). With this movement away from using expectations, the theoretical background of service quality is moving from expectancy disconfirmation to the theory of reasoned action. The theory of reasoned action states that individual's behavior can be predicted from their intentions, which can be predicted from their attitudes about the behavior and subjective norms (Fishbein et al. 1975). In regards to measuring e-service quality, recent research by Zeithaml, Parasuraman, and Malhotra (2002) states that expectations are not well formed in e-service quality. This adds further support that perceptions and reasoned action should be the basis for measuring e-service quality.

Recently, marketing researchers have started to conceptualize service quality on process dimensions and outcome dimensions. Dabholkar et al. (2000) specifies dimensions such as reliability, personal attention, and comfort as antecedents (similar to process dimensions) of service quality. Additionally, that same research specified "excellent overall service", "service of a very high quality", "a high standard of service", and "superior service in every way" as aspects of overall service quality (similar to outcome dimensions).

The idea of service quality process and outcome dimensions was further supported by the research of Mentzer et al. (2001). This research in logistics service quality states that service quality perceptions are based on the dimensions of order placement (process) and order receipt (outcome). This model for logistics service quality is a good reference for conceptualizing a model for e-service quality. E-service quality needs to be measured while the consumer is the process of enacting the transaction and at the receipt or conclusion of the service. Similar to the logistics service quality model, online consumers require information quality and ease of order during the process of online transactions, and require that the outcome of the transaction be performed accurately and in a timely fashion. The process and outcome conceptualization provides a more complete understanding of service quality and how consumers evaluate service quality than previous models that just included components of service quality. Online transactions and logistics both share the characteristic of the consumer and company being separated during the transaction. Research by Lovelock (1983) and Bienstock et al. (1997) has shown that when a service provider and service customer are physically separated, it has a significant impact on the criteria used to evaluate service quality.

This separation of consumer and company during an online transaction also highlights the importance of considering the issue of service recovery in e-service quality. The ability to handle questions, concerns, and frustrations from the consumer is essential to the customer's perception of e-service quality. A problem may arise during the process of placing an order or a problem could arise at the outcome of the transaction. A company must be able to deal with these problems when they occur because the resolution of these problems ultimately has an effect on future behavior intentions of returning to the e-retailer. Service recovery research has shown that the responsibility for a service failure and the likelihood that another failure will occur both has an impact on consumer satisfaction and quality perceptions (Curren and Folkes 1987; Folkes 1984). Therefore, service recovery plays an important part in the formation of overall e-service quality perception in the mind of the consumer.

CONCEPTUALIZING AND MEASURING E-SERVICE QUALITY

The SERVQUAL/SERVPERF models measured service quality on the five dimensions of tangibles, responsiveness, reliability, assurance, and empathy. These dimensions are well suited in measuring service quality in off-line services. However, online services have unique characteristics that off-line services do not possess which can affect the perception of service quality. These characteristics could include server problems, outages for backing up information, and connectivity issues. These and other unique characteristics of e-service quality require that additional criteria be added to effectively judge e-service quality.

At this point, much of the information about e-service quality comes from outside the academic world. Consumer Reports, a magazine known for rating the quality of products and services, has a ratings section called e-Ratings. E-Ratings takes an extensive look into the quality of service provided on a web site. There are three main criteria that e-Ratings use in evaluating a web site: credibility, usability, and content. Credibility refers to privacy, security, customer service, and disclosure. Usability is the design and navigation in the web site. Content deals with accurate product information, personalization, and depth of categories (www.consumerreports.org).

Other efforts in measuring e-service quality have come from the International Academy of Digital Arts and Science with their "Webby Awards". The Webby Award is given to the web site with the highest sense of quality in six areas. The Webby Award is judged by members of the International Academy of Digital Arts and Science and given to recipients once a year. The six criteria used to evaluate the quality of a web site are content, structure and navigation, visual design, functionality, interactivity, and overall experience (www.webbyawards.com).

Some academic research has been done in the area of e-service quality. One of the first definitions of e-service quality was offered by Zeithaml, Parasuraman, and Malhotra (2000) and their definition states that service quality on the Internet is the extent to which a web site facilitates efficient and effective shopping, purchasing, and delivery of products and services. From this definition, Zeithaml et al. (2000, 2002) developed the e-SERVQUAL model for measuring e-service quality. Their research produced seven dimensions for evaluating e-service quality: efficiency, reliability, fulfillment, privacy, responsiveness, compensation, and contact. The dimensions of efficiency, reliability, fulfillment, and privacy make up the core of e-SERVQUAL. These four dimensions are what drive customer perceptions in evaluating e-service quality. The last three dimensions of responsiveness, compensation, and contact encompass e-service recovery.

Though the e-SERVQUAL model may have some merit, we propose that to adequately conceptualize e-service quality eleven dimensions are needed to fully capture all of the service quality elements in the process, outcome, and recovery dimensions. These dimensions were established from the analysis of both academic and practitioner literature. Our eleven dimensions for evaluating e-service quality are privacy, design, information accuracy, ease of use, functionality, order timeliness, order accuracy, order condition, interactive fairness, procedural fairness, and outcome fairness.

There are five dimensions that make up the evaluation of e-service process quality. These are privacy, design, information accuracy, ease of use, and functionality. ***Privacy*** refers to companies not sharing information with third parties unless the customer gives permission. It also includes the security of sensitive information between the consumer and the company. Additionally, this includes providing visual symbols so consumers know a secure connection is being achieved. ***Design*** is the visual appearance of the site. This includes factors such as uses of color, animation, and format. ***Information Accuracy*** is presenting information about a product or service in a clear and concise manner. Information Accuracy also includes the currency of information presented on a web site, as well as full disclosure of policies, procedures, and any charges that may occur during the ordering process. ***Ease of Use*** is considered one of the most important factors to consumers on the Internet. Ease of Use is the ability of a consumer to find information and enact a transaction with the least amount of effort. This concept has been characterized as the consumer's ability to use as few a "clicks" as possible. Ease of Use also includes the area of navigation. Navigation is having consistent menus that lead to key pages on a site. A clear navigation aid allows visitors to know where they are on a site and provides the ability to find their way back to a previous menu screen. Ease of Use also includes functions such as search engines, the ability to easily change or cancel an order, and the ability to inform consumers of missing information. The last process dimension of ***Functionality*** means that a web site has quick page loads and links that do not dead end. Functionality also refers to the ability to appeal to a universal audience by multilingual translations and disability access and services. All of these five process dimensions play an active role in the consumer evaluation of a service experience with an e-retailer.

E-service outcome quality is made up of three dimensions. These three dimensions are order timeliness, order accuracy, and order condition. The first dimension of ***Order Timeliness*** refers to receiving the service within an expected amount of time. ***Order Accuracy*** is processing the online order to the exact specification of the customer which includes place of receipt, quantity, and agreed price of the service. The last outcome dimension, ***Order Condition,*** refers to the product being free from damage and decay. Condition of the product also refers to how well the product specifications conform to the customers' needs. The outcome dimensions are what the customer is left with at the end of the transaction and play an incredibly influential role in the evaluation of overall service quality. If a consumer has an enjoyable experience in the process dimensions and the service is delivered in an inaccurate manner, then their evaluation of the service quality will be diminished because of the outcome of the service experience.

E-service quality recovery is three dimensional. These three dimensions are interactive fairness, procedural fairness, and outcome fairness. The research done by Tax and Brown (1998) showed that consumers assess service recovery by these three dimensions. Though Tax and Brown were talking about off-line services, we believe these dimensions are a useful conceptualization for online service recovery as well. ***Interactive fairness*** in an online context refers to the consumer's ability to locate and interact with technology support on a web site and how a company's employees treat the consumer. Interactive fairness from a technology support standpoint includes online tutorials, frequently asked questions, and an e-mail address where consumers can voice a problem or a concern. This area also includes telephone numbers of operators at the company that can assist the consumer. Interactive fairness also includes how the company interacts with the consumer over the phone or through e-mail. The interaction fairness in service recovery is one of the most high profile areas that can make a consumer satisfied or dissatisfied during the transaction process.

The second dimension in the service recovery construct is ***Procedural fairness.*** Procedural fairness refers to the policies, procedures, and responsiveness in the complaint process. Procedural fairness online refers to a company's return policy, buyer's rights on fraudulent charges, and how quick a problem can be resolved. This area has a high impact in the evaluation of service quality because "justice delayed is justice denied" in the mind of the consumer (Tax et. al 1998 p.73).

The last dimension of service recovery is ***Outcome fairness***. Outcome fairness includes monetary compensation, future free services, or an apology. Outcome fairness in an online context could be resending a product that failed to reach the consumer. In service recovery, the consumer wants to be compensated for an inconvenience to a degree of equality (Goodwin and Ross 1992). Outcome fairness in service recovery should meet the consumer's expectations of compensation. Service recovery plays an active role in consumer satisfaction, consumer loyalty, profitability, and revenue of a company (Tax and Brown 1998). In the event that a company does have a service failure, they must be prepared to address the problem to the satisfaction of the consumer.

This conceptual framework allows companies to evaluate process, outcome, and recovery dimensions to obtain an overall evaluation of e-service quality. It also shows in what dimension a potential service deficiency has occurred. The eleven e-service dimensions allow for a complete understanding of how a consumer evaluates e-service quality. This conceptual model will allow companies to obtain a better insight into what consumers judge in the evaluation of e-service quality.

LIMITATIONS AND FUTURE RESEARCH

This model for e-service quality is conceptual and will need empirical support to evaluate the proposed dimensions that consumers use in assessing e-service quality. Another area for future research is how much contact with the consumer is necessary on the Internet? In e-service quality, does little contact mean high quality or is customer contact necessary in each stage of an Internet transaction? The research for e-service quality is in the early stages with numerous possibilities for further research to expand the knowledge in this area.

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ATTRACTIVENESS, TRUSTWORTHINESS, AND EXPERTISE: AN EXPLORATORY STUDY EXAMINING COLLEGE STUDENT EVALUATIONS OF SPORT CELEBRITIES AS POTENTIAL ADVERTISING MODELS

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INTRODUCTION

Well- publicized negative off-the-field behavior by many of today's professional athletes threatens to make this group of personalities less attractive in the eyes of firms searching for the celebrity endorser. Sales declines attributable to heightened consumer agitation with the anti-social behavior of many of today's professional athletes have become a concern to advertisers, especially in cases where a single professional athlete becomes the sole spokesperson for the advertiser's product line (Till 2001; Costanza and Goodnight 2000; Till and Shimp 1998). The present study investigates the effect of negative publicity on the evaluation of celebrity athletes who have previously been featured in advertising campaigns as a product endorser. The study discusses the role of public evaluations of athletes based upon their attractiveness, dependability (and/or trustworthiness), and perceived expertise. The study also examines the possible impact of respondent *sex, race*, and *status as a sports fan* on final evaluations of athletes.

METHODOLOGY

The authors developed a survey using the photographs of several well-known athletes who have frequently been used as endorsers for various sports and non-sports products. Four of the five athletes under investigation were chosen by a panel of college student volunteers The four athletes chosen included Grant Hill (NBA), Tiger Woods (Golf); Venus Williams (Women's Tennis) and John Elway (NFL). The same respondents were then asked to pick one well-known professional athlete who has currently an endorsement deal but who has also frequently been noted for his/her well-publicized behavioral problems. A survey was then developed using a series of scales produced by Ohanlan (1990). Of the 175 completed surveys, 114 usable surveys were returned for a response rate of approximately 66%.

RESULTS AND DISCUSSION

On a scale from 1=least in category to 7=most in category, the athletes were ranked as follows. Attractiveness: Most: Tiger Woods (4.3), Least: Allen Iverson (3.1); Trustworthiness: *Most: Tiger Woods (5.5), Least: Allen Iverson (3.7);* Expertise: Most: Tiger Woods (6.37) Least: Allen Iverson (5.7). In terms of evaluations by sex, women tended to rank Iverson higher in all three areas: *Attractiveness, Trustworthiness* and *Expertise*. Iverson's scores were also considerably higher among blacks than whites in all three areas. The results indicated that there were significant differences between how whites and blacks responded based on athletes' attractiveness, trustworthiness and expertise. This indicated that companies should be careful in how they use athletes as spokespersons for their products.

Some of the implications might include the fact that products that need a lot of trust need more reliable advertisers (golf) while basketball, which is a game for young urban blacks, actually needs people like Allen Iverson. In other words, a reference group model that is trusted in that community is a critical factor to consider when developing advertising strategies. It should be noted that a reference person serves as a point of comparison for an individual in forming either general or specific values, attitudes or guides for behavior. So it is important for marketers to understand the impact of the endorser on an individual's consumption beliefs, attitudes and behavior. Also further research needs to be done into the methods companies use celebrity personalities to effect desired change in consumption behavior.

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AN INTERPERSONAL PERSPECTIVE ON CUSTOMER RELATIONSHIP MANAGEMENT

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ABSTRACT

The long-term viability of the Internet as a retail channel will depend greatly on the ability of businesses to develop loyal and profitable relationships with their customers. This paper proposes an enhanced model for the management of customer relationships (CRM) in an online retail context. It builds on the traditional strengths of CRM, namely processual efficiency and profitability, to ensure that a greater emphasis is given to the interpersonal nature of relationship development. The enhanced model represents the first identified attempt to reposition CRM within the marketing domain.

With its origins in sales management systems, customer relationship management (CRM) has been espoused as the means of creating loyal and profitable customer relationships (Wyner, 1999). In particular, Gray and Byun (2001) state that the potential benefits of adopting CRM can be an improved ability to retain and acquire customers; a greater share of the customer's lifetime consumption value; and greater service quality without commensurate cost increases. Peppers, Rogers and Dorf (1999) assert that there are four underlying principles to effective customer relationship management. First, firms must be able to identify customers individually and capture information on their consumption behaviours. Second, firms must be able to differentiate between good and bad customers on the basis of predictors such as lifetime customer value. They must then use the data that they capture on customers to identify the most attractive segments, and focus only on those customer segments that are able to deliver the greatest financial return. Third, firms must interact with customers. They need to establish a dialogue with their customers to ensure that they are kept abreast of changes in their preferences, using the information acquired to strengthen and increase customer loyalty. Lastly, firms must customize and cater service delivery to meet the customer's personal preferences

Despite the popularity of customer relationship management, and the belief that effective relationship marketing leads to increased customer loyalty and greater profitability, this notion has not been afforded the necessary attention of previous researchers (Sibley Jr, 1999). Furthermore, the widespread adoption of customer relationship strategies by online businesses has been espoused as the key to the creation of long and lasting relationships (Reichheld, 1996). To assist with the examination of this phenomenon, we will examine the central proposition of the relationship marketing theory - that service quality leads to relationship quality and consequently to customer loyalty.

Based on a discussion of the antecedents and consequences of relationship quality, this study will present an enhanced model for CRM. In particular, it will examine the role of relationship quality as an indicator of loyalty, before exploring the mediating impact of service quality on relationship quality as it influenced customer loyalty. The proposed model could have several implications for marketing practice. For instance, while relationship marketing theory has recently received inspired attention through the prevalence and widespread adoption of relationship management tools, the users of these tools have tended to focus only on the purchasing characteristics of customers whilst ignoring those factors that drive loyal relationships. The model could assist marketing managers to identify the relational factors, and achieve the espoused financial benefits that flow from a loyal and dedicated customer base. In particular, the framework could assist marketers by identifying the key drivers of 'service quality' and 'relationship quality' in the online context, and in doing so, impact on the task of moving customers up the 'loyalty ladder' from a prospect, to a supporter, to a partner (cf. Payne et al, 1991).

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CUSTOMER-TO-CUSTOMER INTERACTIONS IN THE SERVICE ENVIRONMENT: A COMMUNICATIONS FRAMEWORK FOR UNDERSTANDING C2C DYNAMICS

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Research on relationships and service encounters between the customer and the service provider has been prevalent in the marketing literature (Bendapudi and Berry 1997; Berry 1995; Bitner 1990; Solomon, Surprenant, Czepiel, and Gutman 1985). However, scant research has considered the interactions or relationships among a firm's *customers*. These *customer-to-customer (C2C) interactions* have the potential to enhance customer value because they may affect customers' perceptions of the quality of their service experience and, thus, the likelihood that they perceive the service provider favorably (Harris, Baron, and Ratcliffe 1995; Jones 1995; Martin and Pranter 1989; Pranter and Martin 1991).

This paper presumes that a C2C interaction is a form of communication. Based on the *communication-behavior model* in the communication literature (Clevenger 1991; Littlejohn 1996), a taxonomy of C2C interactions is developed. The taxonomy assumes that within a C2C interaction there is a *message/behavior*, a *source* of that message/behavior, and a potential *receiver* of that message/behavior. A 2 X 2 matrix is used to delineate C2C interactions. One dimension considers whether a customer's behavior, either verbal or nonverbal, is *intended to impact other customers*, while the second dimension considers whether a customer's behavior is *received by another customer*. Only those interactions in which a behavior is not intended to impact other customers *and* is not received by another customer are *not* considered C2C interactions. Thus, a C2C interaction can be defined as *any situation in which the presence, language, and/or behavior (or lack of) of one customer has an impact on another customer's consumption experience.* Thus, behavior that is intended by one customer and received by another would be a C2C interaction, such as when one customer makes a product recommendation to another. Additionally, behavior that is not intended to affect another customer but actually does would constitute a C2C interaction, as when one customer's cigarette smoke bothers another customer. Finally, a customer's behavior that is intended to affect another customer but is not received by the second customer would also constitute a C2C interaction. An example would be if Customer #1's nonverbal behavior attempts to signal to Customer #2 that Customer #2 has cut in line, but Customer #2 does not notice Customer #1's signals. Because this situation would likely frustrate Customer #1, it can be considered a C2C interaction.

Additionally, this paper also identifies several dimensions of C2C interactions. A C2C interaction may or may not be *mediated*, which is determined by the number of channels (e.g., audio, video, physical presence) in the interaction as well as whether the interaction in synchronous (real time) or asynchronous (not real time). For instance, product recommendations both on Amazon and in a restaurant's guest book would have a reduced number of channels and would also be asynchronous. Another dimension is the extent of the *relationship* between the two parties—is it a one-time C2C transaction or a C2C relationship? The degree of anonymity of the C2C interaction depends on the depth of the relationship as well as whether the interaction(s) is(are) mediated. For instance, relationships that are not mediated (Harley Owner's Groups) have less anonymity than those relationships that transpire online (customers sharing product experiences in an online brand community). A third dimension is the *number of parties in each interaction.* For instance, a one-to-one C2C interaction would involve only two customers. However, a person's posting of a bulletin board message would be considered a one-to-many C2C interaction. Restaurant patrons singing "Happy Birthday" to someone would be considered a many-to-one C2C interaction. Finally, many-to-many interactions are possible. One example is when the members of the teen online community Bolt.com participate in the weekly poll, in which the collective results are communicated back to the community members. Finally, the function of the C2C interaction may be instrumental, interpersonal, or for identity reasons.

Several managerial implications can result from positive C2C interactions. Positive C2C interactions may enhance the perceptions of service or quality (Harris et al. 1995; Jones 1985; Pranter and Martin 1991), may reduce advertising and selling costs (e.g., word-of-mouth), and may evolve into friendships between customers, which would lead to higher switching costs for those customers (Martin and Pranter 1989).

References available upon request.

SOCIALLY PLEASANT STORE ENVIRONMENT AND ITS IMPACT ON STORE IMAGE -- ABSTRACT

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ABSTRACT

The social function of retailing was gradually lost during the 20th century as more emphasis was placed on using technology and streamlining distribution channels to reduce cost and improve operating efficiency. The store has become more of a functional place in offering goods and services and less of a place for people to socialize or interact. This paper represents the first step in understanding the social function of retailing and how retailers, especially brick-and-mortar retailers, can create a socially pleasant environment to improve store image and thus attract more customers.

Retailers can achieve this task by embedding various social cues or social elements within the store environment. Two types of social cues are examined in this study: in-store posters conveying social meanings and the personalization of customer service. A 2 (high vs. low socially-oriented store displays) by 2 (high vs. low personalized customer service) between-subject experimental design was conducted to achieve the research objective. The data were collected from a convenience sample including female consumers from a Midwestern college town. One hundred and ninety-three surveys were determined as usable surveys. The hypotheses were tested with a 2 (high vs. low socially oriented display) by 2 (high vs. low personalized customer service) analysis of variance.

A photo album containing both text and graphic information was used to simulate a department store. The findings indicated that consumers had a more favorable attitude toward merchandise and service quality, formed a more positive store image when encountering a store with a higher social environment. They were more likely to shop in such a store. Consumers also felt more excited and pleased in a store where more posters with social meanings were displayed.

DOES RETAILING STORE'S STRATEGIC PHILANTHROPY MATTER?

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ABSTRACT

From economic and psychological perspectives, charitable giving plays an important role in our society. However, the importance and implications of organizational level charitable giving, or strategic philanthropy, are often overlooked. Corporate strategic philanthropy, in fact, is conceived not only to contribute benefits to charitable causes, but also to improve firm image and financial performance as a competitive advantage source. According to the market strategy theory, corporate strategic philanthropy may help the firm to maintain and expand their customer base, to develop stronger social ties with its stakeholders, and to promote mutual trust and commitment in the community. In addition, when a firm emphasizes strategic philanthropy, the image of the product, brand, and/or the firm is enhanced in the local communities receiving the charities. Importantly, strategic philanthropy may result in higher levels of employees' self-esteem, morals, and organizational commitment within the firm itself.

This exploratory study was intended to link strategic philanthropy with consumer behaviors. Drawing on utilitarian human capital perspective in economics, the social norm theory in sociology, and motivation theory in psychology, this research develops a contingent framework of strategic philanthropy. The empirical results provide support that as drug stores put more emphasis on strategic philanthropy perceived by customers in the community, customers would have stronger social ties with the store and be more loyal to the store. In addition, results indicate that the impact of strategic philanthropy on patronage intention is moderated by customer gender and context factors (service quality and cause severity).

The findings of this study offer pivot theoretical and managerial implications. To researchers, there are ample opportunities to conduct cross discipline based studies on strategic philanthropy. For example, the link between strategic philanthropy and social ties or network may also be examined from a relationship marketing or social exchange theory perspective. Furthermore, this study is confined to address strategic philanthropy from the customer perception side. Using only the single informant (customer) perception based data, this study is limited in that a halo effect may exist to upwardly bias our results. More research efforts may be fruitful from the organization side. An investigation of the organizational antecedents and firm performance consequences of strategic philanthropy is greatly needed to assure the value of strategic philanthropy. This study is also limited in the sense that the scales used in the analysis are in an exploratory nature. Future research is called for to develop a more comprehensive measure for the important corporate strategic philanthropy construct.

Interestingly, we only find mixed support for the contingent hypotheses, although the main effects of strategic philanthropy are consistently supported. That is, the effect of philanthropy on social ties is not contingent upon the customer' gender, ethnicity, store service quality or cause severity. This seems to show that when customers perceive stores more involved in charity giving, they definitely tend to have a stronger personal attachment to and social relations with the stores, no matter their gender or ethnic group, their perception of the service quality or severity of the causes. However, the advantages of philanthropy to promote customer loyalty are more apparent for female customers and when store service quality is not compromised and when stores donate to more severe causes for charity purpose. Future research is needed to investigate the contingent perspective of strategic philanthropy.

To managers, strategic philanthropy may be one of the important tools through which a firm may obtain a competitive advantage. Industry leaders such as AVON, American Express, and alike already show the relevance of charitable giving and cause-related marketing. Finally, managers may find that charitable investment helps customer relationship management, strengthens social ties, and add more value to the firm in the market.

Academy of Marketing Science Outstanding Teacher Philosophy

TEACHING PHILOSPHY

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I am a firm believer that "teachers possess the power to create conditions that can help students learn a great deal" (Palmer, 1987). Over the past seven years I have worked to create a learning environment that helps students gain a deep understanding of course material, develop critical thinking skills, develop persuasive written and oral communication skills, and to consider the ethical dimensions of business decisions. In large (>150 students) upper division marketing classes I have developed a system to use interactive lectures and active learning to achieve these goals. The active learning components include case analyses, exercises, projects for non-profit organizations, and service learning. My active learning activities are done in small-groups which would be constituted as cooperative learning; a special case of active learning, for it involves the use of small groups of students who work together with the goal of maximizing both their own learning and that of the members of their group (Johnson, Johnson and Smith, 1991). In these activities, students are required to think about the content of their course and to apply it to complete the work of the group.

Active learning is any class activity that "involves students in doing things and thinking about things they are doing" (Bonwell and Elison, 1991, p. 2). Active learning activities include discussion, case analyses, cooperative learning, debates, role-playing and in-class exercises. I believe active learning increases the retention of course material and the ability to analyze and solve marketing problems. To foster active learning, interactive lectures are combined with the use of exercises, cases, projects and service learning in my courses. The activities are designed to enhance the depth of student learning. Students are challenged to connect theory and practice, integrate key concepts, and generate new learning through the activities. Particularly powerful are activities that examine enduring, widely recognized dilemmas and challenges in the field of marketing. Actives often focus not only on cognitive forms of learning but also on ethics, serving the community, respect for diversity, and commitment to understanding marketing's impact on society.

It has been a challenge to use active learning in large classes, but I am convinced that students learn more and leave with the skills they need to be productive and good citizens. It is certainly desirable to help students develop critical thinking skills while in college and the ability to apply this learning after graduation (Boyer, 1990). I am encouraged as I observe marked improvements in students' ability to analyze cases and make solid recommendations of action using information from the case and course content over the course of a semester. Upon completing integrated marketing communications plans and working as volunteers with non–profit organizations I am impressed with students' understanding of responsibilities and benefits of civic activities.

I focus on "teaching for understanding." I firmly believe that for students to grasp the complexities that face marketers today they need to apply their own effort to wrestle with marketing situations and to organize, synthesize, integrate and apply information to suggest solutions for common problems faced by marketers. There is a great deal of research that suggests that passive learning does not foster critical thinking or retention of material (Boyer 1987).

A focus on critical thinking and application requires thinking about teaching in a way that shifts the focus away from the student as an empty vessel to be filled, to learning as a communal act. I see learning as a dynamic process that involves students and teachers as co-inquirers where the process of student learning is not just absorbing information (taking notes and studying for exams), but critically analyzing, discussing, and using content in meaningful ways. The focus is not just what students know, but also the capacity to put what they know into practice. I believe classroom-based academic experiences should support student's ability to formulate their own ideas, make their tacit knowledge explicit and to elaborate their understanding. Initially students are intimidated by the complexities of the problems they are faced with. However, by the end of the semester they are able to synthesize information and suggest detailed plans of action.

I am not by any means a detached observer of these activities. I interact with the groups to aid their critical thinking. In addition, I get to know the students and interact with them in a manner that is more personalized than the interactions in a large lecture format. I attempt to instill the idea that life is not a spectator sport, and they are not passive recipients of information. We are all participants in a series of ongoing activities from which we will all work hard, deal with difficult issues, and gain knowledge.

TEACHING PHILOSOPHY: WHAT MAKES A GREAT TEACHER

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I love to teach and feel a call to teach. Teachers should have a passion to teach and communicate. Teachers should be fired-up, not burned out. Care and concern for the students are what motivate me and make teaching enjoyable. This is also important from a student's perspective as knowing that you care precedes caring about what you know.

Teaching should be customized to the audience; therefore, the teacher should know the audience as much as possible. In all the graduate classes that I teach, I get to know the students within the first few weeks of the semester. Even when I teach undergraduates where the class size can be more than 100, I make an effort to get to know as many students as possible. This helps me to structure and relate the subject content to better suit their needs.

I believe that effective and exciting teaching doesn't just happen – it's planned that way. Therefore, I spend a great amount of time and undertake great effort to plan each class. A lesson plan is carefully developed for each class. Built into the lesson plan are content, style, student interaction, multimedia tools, and the specific teaching methods that will be utilized. A high degree of preparation is essential for effective teaching.

Teaching should be memorable, visual, unique, multisensory, captivating, and experiential. Content can be made memorable by the way it is presented. I make generous use of visual aids and multimedia tools to foster a multisensory involvement of the students. I also use many real-life examples and illustrations to make the subject matter come alive. I also weave my consulting experience and academic research into the classroom. This orientation is reflected not only in the classroom but also in the textbooks that I have authored.

In terms of style, I believe in using my voice, eyes, face, gestures, posture, appearance, and movement in my teaching. This keeps the students involved and interested in the class. I try to vary my teaching style to fit the subject matter and the students' backgrounds. I also make use of different methods of teaching: lectures, cases (Harvard's and the ones I have written), videocases, stories, questions & answers, discussions, projects, field assignments, and group exercises.

Finally, I believe that teaching excellence should extend beyond the classroom and so I have published several innovative teaching methods in journals and also written several textbooks that are widely used on a global basis

A LONGITUDINAL EXAMINATION OF INDIVIDUAL, ORGANIZATIONAL AND CONTEXTUAL FACTORS ON TECHNOLOGY ADOPTION AND JOB PERFORMANCE

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ABSTRACT

This research examines the impact of individual differences, organizational influences and contextual influences on intention and adoption of sales force automation technology, and further examines the impact of SFA adoption on job performance. Data was collected at launch and six months post-launch from 156 salespeople at a major manufacturing firm. Results indicate that training, goal orientations, customer pressure and peer use play important roles in SFA adoption. SFA adoption was found to significantly impact job performance.

AN INVESTIGATION OF THE CUSTOMER RETENTION ACTIVITIES STRATEGIES OF FOOD- AND CLOTHING RETAILERS IN THE BLOEMFONTEIN AREA, SOUTH AFRICA

CC Erwee, Technikon Free State, South Africa

ABSTRACT

This paper presents the results of a descriptive study on customer retention activities of National Food- and Clothing Retail chain businesses in Bloemfontein, South Africa. The primary objective is to determine if the latter employ customer retention strategies The results indicate that these retail businesses do not employ customer retention activities effectively.

INTRODUCTION

Relationship marketing is an entire marketing philosophy in itself. The old paradigm (a system of mass production, mass media and mass marketing) is being replaced by a totally new paradigm - a one-to-one approach. This approach is characterised by customised production, individually addressable media and one-to-one marketing. Products and services have to be tailored to individual tastes to gain long-term customers and lifetime values (Peppers and Rogers 1997).

INDUSTRY OF INTEREST IN THIS SURVEY

Central Statistical Service South Africa has been contacted to attain the Retail Trade Sales Survey for January - May 2001. A total amount of R43 151,2 million has been spent during January until May 2001 on food- and clothing merchandise in South Africa which represents 61 percent of the total retail trade sales in RSA. The researcher has come to the conclusion, after analysing these statistics, that the food- and clothing retail trade represents the largest amount of consumers' expenditure and that the survey will only include these retail areas.

Seventy (70) food- and clothing retail businesses in the Bloemfontein area have been approached to take part in this survey. This represents 100 percent of the population of national food- and clothing retail chains situated in Bloemfontein, Free State, South Africa. The total population of this survey includes the Consumer Service Managers, Public Relations Officers or people responsible for customer service.

RESEARCH METHODOLOGY OVERVIEW

The primary aim of this research was to determine if national food- and clothing retail chains in the Bloemfontein area, employ customer retention strategies.

A list of all the food- and clothing retail businesses situated in Bloemfontein was obtained from Telkom and from the Chamber of Commerce and 70 questionnaires were distributed. A total number of 43 respondents completed the questionnaire. This is a response rate of 61 percent.

A structured, nondisguised questionnaire has been used in this research study. A number of questions, which were related to the problem area, were developed after completion of the literature search and was structured in such a way as to cover the objectives of the proposed study in detail. The questionnaire addresses several aspects, such as customer loyalty and –satisfaction, to obtain more clarity on how customer-based relationship marketing are understood and practised by the respondents and which customer definitions of perceived value would be important to retailers.

Respondents' profile

From the total number of respondents (70) included in the survey, 25,6 percent belonged to the food retail industry, 65,1 percent to the clothing retail industry and 9,3 percent to both the food- and clothing retail industries.

CONCLUSIONS

Customer Service

The aim of this section was to determine which customer service standards and -activities the retail businesses employ to ensure high levels of customer satisfaction. The relationship building process is based on customer satisfaction and quality customer service helps to build good customer relations (Grönroos 1990). The successful implementation of customer service standards can be a powerful tool to gain a competitive edge and to establish long-term relationships with customers.

The respondents were asked to indicate which standards regarding customer service their retail store currently has in place. A large percentage of the respondents sketches a very positive picture regarding customer service being delivered by their businesses. Most of the customer service standards receive a high rating. Almost all respondents (97,7 percent) replied that they measure the consistency of high quality service being delivered. The measurement of the consistency of high quality customer service will enable the business to close the gap between customers' expectations of service quality and the actual performance been delivered (Gerson 1993).

Almost all the respondents indicated that they measure customer expectations and –satisfaction (86 and 88,4 percent respectively). In spite of the above, there are already a few aspects that can be highlighted as stumbling blocks that may impede the relationship building process with customers.

Only 69,8 percent of the respondents focus on paying individual and personal attention to each customer and communicate prices and invoicing procedures clearly and concisely to them. Another important factor that has been revealed is that not all respondents (30,2 percent) reward their staff for excellent customer service delivery. If employees do not receive any form of motivation for delivering good quality customer service, they will more likely not be customer-focused. Very few respondents locally (7 percent) offer customised customer services. If businesses do not customise their products and services to the individual needs of customers, there is a possibility that no relationship will be developed between the retailer and its customers (Grossman 1998).

The retention rate of customers of the retailers who do not apply these customer service standards, may decrease, especially where the customer service delivery does not measure up to high standards.

Customer Loyalty

The objective of this section was to determine whether businesses have customer loyalty strategies in place in order to retain their customers. Several aspects were addressed such as customer communication, the listing of customer characteristics, measurement of customer life-time value and analysing the profiles of customers who have left the business.

The findings revealed that it is the respondents' head offices (53,5 percent) that mostly focus on the retention of existing customers and customer communication. The respondents' head offices also perform most of the other functions. Problems may arise here, as the retail stores locally are usually first in contact with customers and not their head offices and suppose to have all the information needed to build relationships with customers (Kephart 1997).

It becomes apparent that most of the respondents (60,5 percent) have the misperception that it is not less expensive to retain existing customers than to recruit new customers. These respondents feel (as revealed during the personal interviews) that they spend a lot of money on advertising and marketing to expose their products and services to new and existing customers. This may lead thereto that businesses' focus is not targeted at the retention of customers. This is also a contradiction to the fact that 90,7 percent of the respondents indicated that they focus on retaining existing customers.

The following has also been exerted from the findings regarding the building of customer loyalty, which is applicable to the local retailer:

- Only 18,6 percent of the local retailers list their customers' characteristics;
- 14 Percent analyse their business' longest-tenured customers;

- 9,3 Percent list the reasons why customers have left the business;
- A very small percentage (7 percent) measure customer life-time value; and
- Only 4,7 percent analyse customers' profiles who left the business.

It is important that respondents should apply the above-mentioned aspects when they are striving to develop a close relationship with their customers (Payne *et al* 1998). Although a large percentage of the respondents (88,4 percent) remarked that they strive to develop close relationships, it will not be possible due to the small percentages mentioned above.

Although a large percentage (60,5 percent) indicated that they use loyalty schemes, it seems that they do not use loyalty schemes for the right purposes. A very small percentage of the respondents (37,2 percent) indicated that they use the loyalty scheme to generate customer information and (25,6 percent) to gain a competitive edge. According to Stone (1994) retailers will be able to gather a wealth of information on their customers' buying habits and preferences with the aid of a loyalty scheme and it seems that the respondents do not actually realise it.

Relationship Marketing

The objective of this section was to determine if the local retail businesses know what relationship marketing entails and if they employ relationship marketing strategies in their businesses.

Although almost all the respondents indicated that they are pursuing a one-to-one relationship with their customers, the responses concerning the important aspects to consider when building customer loyalty, revealed the contrary. It has been remarked that a large percentage of respondents do not list the reasons why customers left their businesses and also do not make an analysis of their longest-tenured customers.

All the respondents imply that they always consider customer relations as one of the key drivers in their retail businesses. Most respondents (90,7 percent) also consider that building relationships with their customers will always result in customer satisfaction and 90,5 percent feel that it is more profitable to develop and enhance relationships with customers. If retailers apply relationship marketing to their customers and feel that it is profitable, they should be in a position to identify their most valuable customers (Peppers and Rogers, 1999). This is actually not the case as only a small percentage (7 percent locally) measures their customers' life-time value.

It seems that the retailers do not employ their customer relationship strategies effectively as revealed from the findings as follows:

- Some retailers indicated that the relationship marketing strategy is initiated and controlled from their head offices. The problem may be stressed again that head offices do not have that close contact with customers such as the local retailers and therefore it is difficult for the head offices to execute a one-to-one relationship with the customers.
- A very small percentage of the respondents (25,6 percent) differentiate between their customers on a local level. Customers differ from each other and it will not be possible for businesses to customise its products and services to their customers' needs, if they do not differentiate amongst them (Peppers and Rogers 1998).
- Only 37,2 percent of retail businesses empower their employees to make decisions in favour of customers. This may impede the process of becoming more customer-focused and delivering a quicker response to customer needs (Hoffman and Bateson 1997).
- Some respondents (32,6 percent) also indicated that they do not reward their employees for developing relationships with customers. If employees are not rewarded in some way they will definitely not be motivated to be customer-focused (Gerson 1993).
- Due to the fact that only 46,5 percent of the retailers identify their customers personally, a large number of businesses will not have lasting relationships with their customers.

All the above-mentioned aspects should be considered by retailers if they intended to build an effective relationship marketing strategy as stated by several authors (Grossman 1998; Hoffman and Bateson 1997; Payne 1997; Peppers and Rogers 1999 and Pitta 1998).

Database Management

Due to the fact that this section may be seen as an integral part of the relationship building process (Kephart 1997), it was necessary to determine if the local retailers collect information about the customer and how they apply this information in the relationship building process.

It seems that 27,9 percent of the respondents do not collect information regarding their customers. Although 88,4 percent of the respondents indicated that they are always striving to develop close relationships with their customers, it might not be possible to build a close relationship with customers, if no information is collected about customers (Schoenbachler 1997).

From the results it has been indicated that only 7 percent of the respondents keep a database locally. 58,1 Percent indicated that a database is situated at the head office, 14 percent indicated that the database is situated at both locally and the head office and 20,9 percent do not keep a database. This may be an indication that most retailers may not effectively rely on the local information for supporting the relationship marketing process with customers. It is also important to determine how accessible the databases at head offices are to the retailers.

From the 58,1 percent mentioned above it has been revealed that only 34,51 percent of these respondents have immediate access to the database **situated at their head offices.** Therefore it may be said that only 55,51 percent of the retailers (34,51 + 21 percent) do have immediate access to a customer database, situated locally or at the head office.

If only half of the respondents have immediate access to customers' information, the remainder with no immediate access or who experience difficulty in accessing their customers' database will definitely not be able to build effective relationships with their customers. Access to information is essential because it also enables the retailers to learn more about the customer, in order to build lasting relationships with them (Poulos 1997).

Most of the retailers, although they do collect information on their customers, do not employ relationship marketing strategies constructively and effectively. It may be concluded that the retailers do have access to customer information, but it is not always relevant or readily available information, which is needed to support the relationship building process. The retailers also do not use the information effectively or do not know how to use the information to build effective relationships with customers.

RECOMMENDATIONS

The following recommendations had been made and should be incorporated by the retail industry in order to build effective and lasting relationships with their customers:

- Retailers must use complaints in a positive way to measure the health of the business.
- Retailers may employ a properly manned help-line to improve customer service.
- More retailers may provide customised services according to customers' individual needs.
- The local retailers should maintain an active, ongoing relationship with frequent, personalized, two-way communication with the customer.
- The local retailer should know customers individually by listing their characteristics in order to build relationships and not only for account record purposes.
- Local retailers should gain knowledge on their longest-tenured customers to identify their most valuable and loyal customers. These customers have to be rewarded for their loyalty to keep them loyal.
- More retailers should focus on employing a cash card in order to get a profile of its cash buyers.
- Retailers should have to monitor the customer database continuously in order to know if customers have been lost.
- It is also essential for the local retailers to measure their customers' life-time value (how much they spend, when they buy, what they buy etcetera) in order to identify the most valuable customers.
- For employees to become committed to satisfy customers' needs, businesses need to empower their employees to make decisions in favour of their customers.

- For retailers' employees to become committed and motivated to be customer-focused, it is essential that they should be rewarded for delivering excellent customer service.
- Retailers should keep their customer contact human.
- More retail businesses have to implement optical-scanning technology in order to gather information on their customers.
- Head offices must allow their local retailers to have immediate access to their customer database.
- Local retailers may assign a Customer Relations Officer that monitor and update the customer database continuously.

SUMMARY

It has been indicated that the retailers offer high customer service standards and that they feel that by providing these high standards, they are pursuing relationship marketing in their businesses. It becomes however apparent that although almost all the retailers indicated that they are pursuing a one-to-one relationship with their customers, the national food- and clothing retail businesses in the Bloemfontein area (Free State, South Africa) do not employ relationship marketing strategies effectively as mentioned under each conclusion made. Many of the retail businesses have the perception that they employ customer relationship strategies, but they do not even have the technology to collect customer information. A 2000 survey of 1670 executives published by the Seattle, Washington-based Data Warehouse Institute (TDWI) shows that 13 percent of companies surveyed, spent over $10 million on Customer Relationship Management solutions and the retailers in South Africa could really consider to allocate a larger proportion of their budget to CRM solutions as well.

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THE GAP BETWEEN TRUST IN SALESPERSON AND TRUST IN SELLING ORGANIZATION: ANTECEDENTS AND CONSEQUENCES

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ABSTRACT

The importance of customer trust in a salesperson versus customer trust in a selling organization is frequently discussed in the relationship marketing literature. Yet, little is known about the potential gap between these two levels of trust. This study proposed a new concept of trust gap reflecting the asymmetry of the two levels of trust. A model of customer trust gap is presented which proposes five influential factors that lead to trust gap: 1. salesperson's career stages (salespersons at the maintenance stage is more likely to lead to customer trust gap than those at the exploration and establishment stages), 2. salesperson's prior mobility, 3. salesperson's ingratiatory selling behaviors, 4. salesperson's frequent social contact with customer, and 5. selling organization's multi-facet customer interaction. Customer trust gap, in turn, will lead to customer discomfort and propensity to maintain business relationship after the salesperson's leave.

Full Paper and References Available Upon Request.

MORAL IDEOLOGIES AND ETHICAL BELIEFS OF MINORITIES

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ABSTRACT

This study explores the ethical ideologies and ethical beliefs of African American consumers using Forsyth ethical position questionnaire (EPQ) and Muncy-Vitell consumer ethics questionnaire (MVQ). A sample of 283 students from a historically black university was used to explore the relationship between variables. Results indicate that African American consumers give more weight to idealistic than to relativistic moral philosophies when making ethical decisions. Findings reveal that questionable activities are more acceptable to relativist than they are to idealist consumers.

INTRODUCTION

Marketers can no longer ignore the stunning diversity of cultures that are reshaping the American society. Ethnic minorities now spend over $900 billion a year on products and services (Raymond 2001). Ethnic or racial subculture consists of "a self-perpetuating group of consumers who are held together by common cultural and/or genetic ties, and is identified both by its members and by others as being a distinguishable category" (Solomon 2000, p. 438). Studies of minorities' consumption patterns have been limited in coverage and largely superficial (Sturdivant 1981). In addition, this study found past research that explored ethics of subjects from different subcultures was limited in quantity and not consistent. Some research found that members of different subcultures have different ethical beliefs (e.g., Tat 1981). Other research found that members of different micro-cultures have similar ethical beliefs (e.g., Tsalikis and Nwachukwu 1988).

The first goal of this study is to explore the moral ideologies of the African American consumers using Forsyth (1992) Ethical Position Questionnaire (EPQ). Rawwas (1996) found that ethical ideology is a significant determinant of ethical beliefs. Al-Khatib et al. (1995) concluded that moral ideology influences perceptions of the "rightness" and "wrongness" of the action under question. Vitell and Singhapakdi (1993) found that moral philosophies partially explain ethical judgments and deontological norms. The second goal of this research is to explore the relationship between the two ethical ideologies (i.e., idealism and relativism) and the ethical beliefs of African Americans using the Muncy-Vitell questionnaire (MVQ).

Many studies used personal moral philosophies developed by Forsyth (1992) to explore the ethics of various groups. For example Al-Khatib et al. (1997) used moral ideologies to explore the ethics of U.S. and Egyptian consumers. Lee and Sirgy (1999) researched the relationship between Koreans and Americans' moral philosophy and the international quality-of-life (IQOL) orientation. Kenhove et al. (2001) explored the relationship between ethical beliefs and ethical ideology of Belgian consumers. Rawwas (1996) investigated the relationship between ethical ideology and ethical beliefs of Austrian consumers. This paper did not find any research that used moral philosophies to explore the ethics of a single micro-culture (e.g., African Americans).

LITERATURE REVIEW

Direct concerns in business ethics started appearing in scientific literature during the 1920s. Bartels (1967:21) defined ethics as "a standard by which business action may be judged "right or wrong." Standards differ from one culture to another, and so actions regarded as "right" by one culture may be in conflict with and judged unethical from the standpoint of another culture (Bartels 1967). Culture is the general framework "within" which all other variables interact to shape the general trends in consumers' ethical behavior.

Muncy and Vitell (1992) established a consumer ethics scale that examines the extent to which consumers believe that certain questionable behaviors are either ethical or unethical. Their findings, from 569 heads of households in the U.S., resulted in a four factor solution of ethical beliefs as follows: benefiting from illegal activities, passively benefiting,

benefiting from questionable practices, and, no harm/no foul. The original study was followed by a number of related studies, including many cross cultural ones, by various authors (e.g., Al-Khatib et al. 1997; Al-Khatib et. al. 1995; Erffmeyer et. al. 1999; Kenhove et al. 2001; Rawwas 1996; Rawwas et al. 1994; Rawwas et al. 1995). To date no study has explored the consumer ethics of the African American minority using Muncy-Vitell questionnaire.

Forsyth (1992) identified two distinct dimensions of moral philosophy: relativism and idealism. Many researchers found that idealism and relativism are important in evaluating ethical discrepancies between individuals (Al-Khatib et al. 1997; Lee and Sirgy 1999). Moral relativism is the belief that all moral standards are relative to the culture in which they take place. Moral relativism suggests that moral rules cannot be derived from universal principles, but exist as a function of time, place, and culture. Thus, no set of rules can be formulated to determine what is right and what is wrong for all people. Moral relativists do not accept universal moral rules in making moral judgments; instead, they heavily rely on the situational circumstances. They feel that what is moral depends on the nature of the situation, the prevailing culture, and the individuals involved. Low relativists, on the other hand, argue that morality requires behaviors in ways that are consistent with universal moral principles (Forsyth 1992).

Moral idealism refers to the degree to which a person focuses on the inherent rightness or wrongness of an action regardless of the consequences of that action. In making moral judgments, moral idealists use idealistic rather than practical criteria. Moral idealists take the position that harming others is universally and always bad and should be avoided. Those who are less idealistic think that harm is sometimes necessary to produce good. They tend to take a utilitarian perspective by perceiving that an act is right if it produces the greatest good for the greatest number of people. Even though it may be harmful to a certain group of people (Forsyth 1992).
Empirical findings suggest that idealism is associated with greater ethicality and relativism is associated with lower ethicality (e.g., Erffmeyer et al. 1999; Kenhove et al. 2001; Rawwas et al. 1994; Rawwas et al. 1995; Singhapakdi et al. 1999; Vitell and Singhapakdi 1993). Erffmeyer et al. (1999) found that idealist Japanese consumers were the least likely to engage in questionable consumer activities. Kenhove et al. (2001) found that individuals with higher score on idealism tend to have higher ethical beliefs. Rawwas et al. (1994) found that less idealistic and more relativistic Lebanese consumers were more accepting of questionable practices than their Egyptian counterparts. Rawwas et al. (1995) found that more idealistic consumers from Hong Kong were inclined to view all types of questionable consumer actions as less moral than less idealistic Northern Irish consumers. Based on these findings this study proposes that people who are more idealistic would be more likely to reject questionable activities than consumers who are less idealistic. Second, it expects that consumers who are more relativistic would be less likely to reject questionable activities than consumers who are less relativistic.

METHODOLOGY

The Sample

The sample consisted initially of 300 students of an urban Historically Black University in the southern part of the United States. After, correcting for an exclusive African American sample, 283 responses were obtained (94% of the initial target). Most of the participants were females with 59 percent. The sample was very young with an average age of 21.87 years. Over one third (34.2%) of the participants had a household income of less than $14,999, 24.5 percent had an income of $15,000 to $29,999, 27.3 percent had an income of $30,000 to $59,999, and 14 percent had income of over $60,000.

Measurement of constructs

A one-page (front and back) survey was administered to respondents. The instrument consisted of two major parts. The first part, Muncy-Vitell Questionnaire (MVQ) presented the participants with a set of situations that may have ethical content. The second part of the survey measured the moral philosophy (idealism vs. relativism) using the Ethical Position Questionnaire (EPQ).

Muncy-Vitell questionnaire (MVQ) was used to measure consumers' beliefs regarding 22 consumer statements that have potential ethical implications (Muncy and Vitell 1992). MVQ was used in many ethics studies (e.g., Rawwas et al. 1994). Responses to MVQ statements were coded so that a high score indicates low ethical beliefs and low score indicates high ethical beliefs. A five point Likert scale with descriptive anchors ranging from "strongly believe that it is wrong" (coded 1), to "strongly believe that it is not wrong" (coded 5). The MVQ is categorized along four dimensions (Rawwas et al. 1994). The first dimension is "benefiting from illegal activities" (LEGAL). Actions in this dimension are initiated by consumers and are either illegal or likely to be perceived as illegal by most consumers (e.g., changing price tags on merchandise in a store). The coefficient alpha for the LEGAL dimension was 0.83. The second dimension, "benefiting from questionable activities" (ACTIVE), is also where the consumer initiates the action. These actions are not as likely to be perceived as illegal, but are still morally questionable (e.g., stretching the truth on an income tax return). The coefficient alpha for the ACTIVE dimension was 0.82. The third dimension, "passively benefiting from questionable activities" (PASV), is where consumers benefit from sellers mistakes rather than their own actions (e.g., getting too much change and not saying anything). The coefficient alpha for the PASV dimension was 0.80. Finally, the fourth dimension is "no harm/indirect harm questionable activities" (NOHARM). These are actions that most consumers perceive as not resulting in any harm and, therefore, many consumers perceive them as acceptable actions (e.g., copying and using computer software that you did not buy). The coefficient alpha for the NOHARM dimension was 0.78.

Forsyth (1992) developed the ethical position questionnaire (EPQ) to measure the personal moral philosophies. The EPQ consists of two scales, each containing 10 items. The first is designed to measure idealism, and the second to measure relativism. These scales have proved to be reliable and valid in several studies (e.g., Rawwas 1996; Erffmeyer et al. 1999). One example that captures moral idealism from the EPQ is " A person should make certain that their actions never intentionally harm another even to a small degree." Responses to EPQ statements are coded so that a high score indicates high idealism and low score indicates low idealism. The Cronbach alpha coefficient for this scale was 0.84. Moral relativism refers to the degree to which individuals believe that moral rules are not derived from universal principles but exists as a function of time, culture and place (Forsyth, 1992). An example of an item from moral relativism scale is: "There are no ethical principles that are so important that they should be a part of any code of ethics." Responses to EPQ statements are coded so that a high score indicates high relativism and low score indicates low relativism. The Cronbach alpha coefficient for this scale was 0.77.

RESULTS

The mean score for the idealism scale was 3.71 and for the relativism scale was 3.29. The neutral point for both scales was represented by a score of 3 (with scores ranging from 1 to 5). It appears that African American consumers give higher weight to idealistic than relativistic moral philosophies when making an ethical decision. They mainly believe that morally right behavior leads to good consequences (idealism). To a lesser degree they believe that a behavior is right only if it produces a greater balance of good consequences than would another alternative (relativism). This result is consistent with past research that found various groups that score high on both idealism and relativism scales at the same time. For example, Austrian (Rawwas 1996) Lebanese (Rawwas et al. 1994) and Belgian (Kenhove et al. 2001) consumers. This means that African American consumers try to treat others with respect and integrity as long as they can achieve the best outcomes for the welfare of their minority group.

Four regression equations were used to determine the relationship between the four dimensions of consumer ethics beliefs as dependent variables and the two moral ideologies (i.e., relativism and idealism) as independent variables. The first equation addressed activities in which the action would be considered illegal by most consumers. The two ideological variables explained 9.3 percent of the variance of the illegal activities (LEGAL) ($R^2 = 0.093$). Relativism was the most influential variable in this equation (Beta = .309 significant at $p < 0.01$). The direction of the beta sign indicates a direct relationship between the relativistic moral philosophy and engaging in questionable illegal activities. Conversely, as indicated by the beta sign, consumers ascribing to an idealistic moral ideology would be least likely to initiate an illegal activity from which they would benefit (Beta = -.177, significant at $p < 0.01$). In the second equation, the consumer benefits from the seller's mistakes and does not do anything to correct the situation (PASV). In this scenario, the consumer's moral ideology explained 11.4 percent of the variance in response to the presented ethical situation ($R^2 = .114$). Those ascribing to a relativistic ideology were most prone to find situations in which the consumer might benefit at the expense of others to be acceptable (Beta = 0.301, significant at $p < 0.01$). Those ascribing to an idealistic moral ideology would be more likely to find those same situations unacceptable. (Beta = -0.270, significant at $p < .01$).

In the third equation, the consumer actively benefits as a result of an action that is questionable but not illegal (ACTIVE). The two independent variables (idealism and relativism) explained 8.4 percent of the variance in the dependent variable ($R^2 = .084$). Relativism was the most influential variable in this equation (Beta = 0.301, significant at $p < .01$). The direction of the sign indicates a direct relationship between the relativistic moral ideology and engaging in active questionable activity. On the other side, the beta sign indicates an inverse relationship between idealism and engaging in active questionable activity (Beta = -0.138, $p < .05$). The fourth equation investigates the relationship between no harm activities and idealism and relativism. The two independent variables explained 1.8 percent of the variance in the dependent variable (NOHARM). Relativism was the only significant independent variable (Beta 0.145, $p < .05$). The direction of the sign indicates a direct relationship between the relativistic moral philosophy and engaging in no harm questionable activities. The above findings confirm that there is a positive relationship between relativism and accepting illegal, active, passive, and no harm questionable activities. This finding supports the first proposition. The above findings also confirmed that there is a negative relationship between idealism and accepting illegal, active, and passive activities. The relationship between idealism and the no harm dimension was not supported. This finding partially supports the second proposition.

CONCLUSIONS AND IMPLICATIONS

The results of this study revealed several findings of interest to both academicians and marketers who target the African American consumers. First, this study found that idealism is the dominant ethical ideology for African American consumers. Second, this research confirmed that consumers who score high on the relativism scale are more likely to engage in illegal, active, passive, and no harm questionable activities than consumers who score low on the same scale. Third, this paper found that consumers who score high on the idealism scale are more likely to reject illegal, active, and/or passive questionable activities than those who score low on the same scale.

In general, African American consumers believed that all questionable activities were wrong. Participants' degree of rejection of the questionable activities varied along the four dimensions of the MVQ. Subjects overwhelmingly believed that illegal activities were unethical. The mean for the LEGAL items was 1.97, with 1 corresponding to "most ethical" and 5 to "least ethical". Overall, consumers tended to believe that it was more unethical to benefit from an illegal activity than to actively benefit from a questionable activity. The thinking of consumers may be that as long as the act is not illegal, then it is not as likely to be unethical. The mean for the ACTIVE items was 2.24. However, passively benefiting from questionable practices was not perceived as being as unethical as actively benefiting, which may lead one to conclude that consumers tend to equate "wrongness" more with being active than with being passive. The mean for the PASV items was 2.5. Finally, participants perceived the NOHARM actions as acceptable. The mean for the NOHARM items was 3.15. These are actions that most consumers perceive as not resulting in any harm and, therefore, many consumers perceived them as acceptable actions.

Extending future research to other minorities inside the U.S. (e.g., Hispanics), and outside the U.S. is important since there is no guarantee that similar results obtained with African Americans would be obtained from other minorities. In fact, cross-cultural literature (Hofstede 1980) suggests that "ethicality and un-ethicality" may have different contents and meanings, as we move from one culture to another. This study made a substantial contribution by exploring the moral ideologies and consumer beliefs of a major minority group in the U.S. Although, this research has added to the developing body of consumer ethics knowledge, further future research is still needed on the topic.

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STRUCTURAL ADJUSTMENT PROGRAM INDUCED BUSINESS ENVIRONMENT AND MARKET ORIENTATION ON FIRM PERFORMANCE: EMPIRICAL EVIDENCE FROM GHANA

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ABSTRACT

This paper examines Ghanaian management's attitudes towards market orientation from the context of the World Bank's and IMF's structural adjustment program (SAP) induced environment. Our study found that the adopted measures examined had significant impact on the level of firms' market orientation. Discussion and conclusions, managerial implications and limitations are then stated.

INTRODUCTION AND BACKGROUND TO THE STUDY

After many years of stagnant economic growth rates, mismanagement, high debt burdens and diminishing investment flows, the last decade has witnessed an increase in the number of developing countries, which have subscribed to the International Monetary Fund (IMF) and the World Bank's structural adjustment program (SAP). The remit of the SAP is to ensure a more stable foreign exchange, reduce trade and investment restrictions, initiate tax reforms, improve agricultural output, and rationalize state controlled enterprises and assist expansion in the private sector.

Advocates of free market economies argue that developing countries, irrespective of their level of development and industrial capability, should liberalize their macro economic regimes in order to expand production and exports, and thus, promote their economic development (Shafaeddin, 1990).

In most Sub-Saharan African countries, the period after independence was characterized by attempts to leap directly to a modern industrial structure through public investment in large sized industries, with the government often spearheading these efforts due to the shortage of strong indigenous entrepreneurial skills. However, mismanagement and corruption led to excess capacity and many organizations were unable to survive without substantial subsidies or government protection.

Ghana's economy deteriorated during the late 1970s and early 1980s resulting in foreign exchange scarcities, which curtailed production in its large industrial sectors. Between 1978 and 1982, capacity utilization declined from 40% to 21%. Many firms were adversely affected by the economic crisis, and thus, notwithstanding the protective measures instituted by public policy in state-owned corporations, large private firms recorded in Ghana's industrial statistics trimmed employment by a third during this period (Republic of Ghana, 1989). Ghana adopted the SAP in 1983 with the purpose of addressing some of the problems that had given rise to its lengthy economic decline. Since then the SAP's key policies have had a marked effect on the markets of different industries (Steel and Webster, 1992; Appiah-Adu, 1998). Price liberalization has allowed firms to curtail their costs, particularly in sectors characterized by strong demand, moderate levels of competition and an increase in marketing activities is now evident (Appiah–Adu, 1998).

A market-oriented firm is one, which successfully applies the marketing concept (Pitt *et al.*, 1996). The term *market oriented* is preferred to *marketing oriented* because the former expression highlights an entire organization-wide application whereas the latter phrase tends to describe activities that are specific to the marketing department (Kohli and Jaworski, 1990; Narver and Slater, 1990). In recent years, the increased interest in market orientation and what it involves, has led several writers to contribute to its operational definition as a construct.

HYPOTHESIS

Market Orientation and Business Strategies in an SAP-induced Environment

An organization's success in a dynamic business environment is more dependent on an adaptation to changing and evolving customer needs. According to Kohli and Jaworski (1990), in a stable marketplace, with a fixed set of customers whose preferences are stable, few changes to a marketing mix are required to serve these customers, resulting in a lower degree of market orientation. In a study of large-sized businesses, Davis *et al.* (1991) concluded that there is a positive relationship between perceived environmental turbulence and market orientation due to the organization's desire to reduce uncertainty.

Lusch and Laczniak (1987) suggest that businesses in highly competitive environments may be influenced to be more responsive to the changing needs of the marketplace, and hence, be more market oriented. In Ghana's economy, it is expected that market oriented firms are those which will adapt to the changes taking place in the economic reform marketing environment (i.e., SAP-induced business environment) by developing strategies that are based on customer and competitor orientation. In the light of the foregoing discussion, we present our hypothesis. That is:

H1: For firms operating in Ghana, there is a positive association between the appreciation and adaptation of the SAP-induced business environment and their degree of market orientation.

METHODOLOGY

Sample

For the purposes of this study, respondents comprised the managing directors of large manufacturing and service firms operating in Ghana. Firms were both foreign and domestic owned businesses with at least 100 employees (Liedholm and Mead, 1987) and had been operating in the country for at least 3 years (Okoroafo and Russow, 1993). In order to be acquainted with the business environment, the first author embarked upon an observation (covert and overt) of a cross-section of firms in Accra (the capital of Ghana). The latter involved personal tours, assessment of firms' advertisements in the press and billboards around Accra by the author.

The sample consisted of 232 firms, which were selected from the *Ghana Business Directory* (1995), and the Department of Trade and Industry's (UK) directory of companies operating in Ghana. The latter was selected through a systematic random method. Organizations, which appeared twice, were manually eliminated. The items used in the research instrument were based on a 7-point Likert scale (ranging from 1 = strongly disagree to 7 = strongly agree). Firstly, the questionnaire was given to two experts on marketing in Ghana for their comments. Their suggestions were eventually incorporated in the questionnaire. Secondly, the questionnaires and covering letters were mailed to the managing directors of the 232 firms. A follow-up questionnaire was then mailed to those who did not respond to the initial survey one month after the first wave of mailing. From the first and second mailings, 58 and 25 responses were received respectively. A mail response of 83 was obtained, yielding 78 usable questionnaires. The latter was supplemented by self-administered effort and yielded an overall response of 90. The response rate of 38.8% compares favorably with previous research in the area (Akaah *et al.*, 1988 - 33%; Okoroafo and Torkonoo, 1995 - 26%).

Measures

Market Orientation: This study adopted Narver and Slater's (1990) construct since their instrument had been developed and refined and had yielded reliable results.

Business strategies in an SAP-induced environment: These measures were derived, in part, from Okoroafo and Kotabe's (1993) SAP-induced business strategy dimensions and from discussions with top executives in Ghana (Blankson and Appiah-Adu, 1996). The six-item construct used, included: downsizing of firms' employees; introduction of new and improved products for customers; strategic planning; promotion of offerings; competitive pricing strategies; and, efficient manufacturing/distribution systems.

ANALYSIS AND RESULTS

The mean scores of the SAP-induced business strategy dimensions provide evidence that the most commonly used approach, which is perceived to have the strongest impact on the degree of market orientation, is strategic planning. Next in sequence are promotion of offerings; introduction of new and improved products; competitive pricing of products and services; efficient manufacturing/distribution systems; and, downsizing. With the exception of downsizing all the other approaches exhibit significant differences between high and low market oriented firms at the

0.05 significance level. In addition, their mean scores are above the value of 4 which represents the mid-point of the scale and which indicates that, on the whole, the sample of businesses in our study are implementing these SAP-induced strategies.

Discriminant Analysis

A discriminant analysis was employed to establish a distinction between executives' perceptions of high and low degree market oriented behaviors. This method also facilitates appropriate discussion on the implications of the findings for business practitioners. *Business Strategy*: The coefficients of all the six items are positive, providing an overall support for the hypothesis. Strategic planning has the strongest association with market orientation, followed by promotion of products and services, introduction of new and improved products, competitive pricing of products and services, efficient manufacturing/distribution systems, and downsizing of firms' employees.

Classification: A classification matrix was then computed to assess the validity of the derived discriminant function. The results indicates that the proportion of firms correctly classified by the model was 55.17% and the proportional and maximum chance criteria yielded values of 31.31% and 48.88%, respectively. Thus, the percentage of cases correctly classified is significantly better than chance on the basis of the proportional chance criterion (Morrison, 1969).

DISCUSSION AND CONCLUSIONS

Firstly, from an empirical and theoretical viewpoint, this study has investigated the association between economic reform business strategies and market orientation of firms operating in Ghana's changing marketplace. It attempts to add to the growing literature and provides further opportunities for future researchers. Of the six business strategy measures investigated, all items but one had a significant impact on the level of firm market orientation. Strategic planning, which requires the organization to adopt a focused or diversification strategy, was found to have the strongest impact on the perceptions of a firm's degree of market orientation. This is not surprising due to the need for organizations to clarify their business position and direction in an environment, which is characterized by a proliferation of businesses and increased competition.

The strategic planning approach to tackling marketing issues is gaining popularity in many emerging economies. For instance, Dadzie *et al.* (1988) found that product differentiation strategies were considered important in African countries. The growth in competition has led to an increase in the utilization of promotional tools among firms. These promotional tools should take advantage of the issues relating to product offerings, consumer behavior, pricing and distribution. The introduction of new and improved products will also gain significance in a competitive marketplace. Successful product strategies will require a sound approach to the gathering and dissemination of, as well as responsiveness to market intelligence. It has been suggested that efficient manufacturing processes play an important role in improving product quality (Kotler, 1997).

Although there was a positive relationship between the extent of use of firm rationalization strategies and degree of market orientation, the result was not significant. This suggests that rationalization is not perceived as an important influence on the level of market orientation. A possible explanation is that market oriented firms have always maintained sound policies regarding firm size or number of operating subsidiaries, and thus, have not had the need to engage in serious cutbacks since the introduction of the SAP. The foregoing is evidenced in the growing market capitalization of the Ghana Stock Exchange, which increased by 66 percent (in 1995), an achievement comparable to those in Latin American Countries (Kibazo, 1995).

Managerial Implications: To marketers and managers of firms, which are currently operating in developing countries, and more specifically in Ghana, the study results suggest that there is a positive link between SAP-induced business strategies and market orientation (see also, Appiah-Adu, 1998). The findings are also relevant to entrepreneurs in both developed and developing countries that intend to engage in business activities in Ghana. The former may be attractive to firms in the US and other Western countries in view of the close cultural and economic relationship, dating back from the "colonial days" between Ghana and Western countries. A case in point is a recent article published in the Michigan-based Global Business Journal about "Export-Import Bank backing nearly $6 million of US exports to Ghana" and the visit to Ghana by a lead team of US private investors in February 2000 (Fudail, 2000, pp.10, Jelinek, 2000, pp.A4). It is however important to note that following our observation of the business environment, the results of the present study must be considered as tentative and interpreted carefully taking into account the level of economic development of the country, the volatility of the Ghanaian export earning power and the low industrial production capability (West Africa, 1995).

Limitations and Future Research Directions

A logical extension to this study may embark on similar studies in other developing economies, which have adopted the SAP. A further area of research, which will be of interest to academics and managers, is an investigation into the links between organizational culture and business performance. A flaw in our study is that we relied on the assessments of one internal informant within the business, and thus, the measurement of a firm's business strategy and market orientation variables are subject to cognitive bias. However, limitations in time and financial resources prevented us from employing multiple respondents in individual organizations. Finally, to establish causal association amongst the variables investigated in our study, we suggest that future studies adopt a longitudinal approach in order to provide greater confidence in these relationships, which are based on trends.

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REGIONAL POLICY AND ECONOMIC DEVELOPMENT IN NIGERIA: PERSPECTIVES FROM THE PRIVATE AND PUBLIC SECTORS

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ABSTRACT

Economic development as a public sector activity — an activity that deserves funding and support equal to other tax-supported activities — is no recent phenomenon. Economic subsidies go back to the 18th century. Unfortunately, we still do not have a clear understanding of the role of government in economic development, and we still do not have a clear understanding of what best promotes business growth. These issues have become more magnified in emerging countries where the economic development policies do not recognize the limited role that government should play.

Since Doug Ross and Robert Friedman wrote about "The Emerging Third Wave" in economic development in 1990, there has been much soul-searching among academics and politicians about the role of government. The odd presumption in these debates is that economic development activities are somehow dependent on public sector funding, and that without this funding there can be no programs. It may, in fact, be evident that most of the writing is being done by public officials who have grown dependent on public support.

Clearly, state and local economic development policy remains in a state of ferment in most developing countries around the world. The stakes could not be higher given little evidence that traditional economic development incentives have any tangible effect on business investment or job creation, especially in developing countries.

The purpose of this paper is to examine the imperative of collaboration between the public and private sectors in the regional economic policies in Nigeria. Although it is far from clear that there is a common definition of economic development, we can speak of it as a public sector effort to promote growth driven by the private sector. It is the contention of this paper that economic development in Nigeria need not rely on public sector funding alone. Instead, a symbiotic alliance is advocated to enhance the effectiveness of any economic development program.

References Available Upon Request

VITAL INTERFACE COMPONENTS' RELATIVE IMPORTANCE IN ONLINE SHOPPING TASKS

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ABSTRACT

Empirical exploration of how online consumers interpret and value the marketing communication embedded in shopping interface components has the potential to advance knowledge of online consumer behavior and to inform design decisions concerning consumer-oriented Web sites. To date, little research has been completed regarding how interface components hinder or aid consumer perceptions of the online marketing message. This research investigates the relative importance of online shopping interface components for online consumer shopping tasks and the role they play within the context of the Elaboration Likelihood Model's central and peripheral routes of persuasion. The components *convenience*, *access to information*, and *trust* were implemented in an online shopping task. Specific preferences of respondents for each component were found to differ depending on three market segments: *time savers*, *information seekers*, and *general surfers*. A descriptive model of Web-based marketing components is presented.

INTRODUCTION

Interface components convey a fundamental marketing message about the online environment being visited. Watson, Zinkhan, and Pitt (2000) labeled this *integrated Internet marketing*, and emphasized Web design communicates a message that is more than the sum of its technical parts. Duncan and Moriarty (1998) argue that in the age of interactivity, the importance of communication in marketing is greatly increased and that communication is the integrating factor that brings together numerous marketing activities. The Web certainly has a role to play in this communication, but what exactly the components of that communication are has not been explored in the existing literature.

RESEARCH FRAMEWORK

Stevenson, Bruner, & Kumar (2000) and Bruner and Kumar (2000) asserted that components of the Web site design influence attitudes toward the underlying marketing message and that attitude-toward-the-Web site (A_{WS}) has an important role to play in the advertising hierarchy-of-effects. Attitude-toward-the-ad (A_{AD}), on which A_{WS} was derived, is based on cognitive evaluations of the ad and affective reactions to the ad (Burton & Lichtenstein, 1988; Celuch & Slama, 1995; Miniard, Bhatla, & Rose, 1990). These two tracks of persuasion are well represented in the Elaboration Likelihood Model (ELM, Petty & Cacioppo, 1986, 1996; Petty, Cacioppo, & Schumann, 1983), which postulates that a *central route* of persuasion exists for consumers who are interested in the information presented and such consumers carefully consider the content of the message in a thoughtful manner. Cho (1999) used the ELM in understanding how A_{WS} is influenced by the unique aspects of Web site design.

STUDY 1: INTERFACE COMPONENTS

Keeney (1999) described 26 classifications of important online shopping concerns expressed by consumers from 20 countries through a means-end objectives network. These classifications were confirmed in the Taiwan setting through a similar open ended instrument and then transformed into an online (Web-based) survey. The 306 respondents' demographic data compared well with the sample frame of Internet users in Taiwan (Find, 2001; YamWeb Frontier Foundation, 1999). A total of 62% of the respondents had previously made a purchase over the Web with the most commonly purchased products being books/magazines and computer software.

Three factors with eigenvalues over one accounted for 57.43% of the total variance. Both personal information and security issues dominated factor 1, which was labeled *Trust*. The second factor contained the items interaction, comparison shopping, maximizing access to information, and ease of use; this factor was labeled *Access to Information* (hereafter referred to as *Access*). The last factor component included maximize convenience, minimize travel, and maximize enjoyment; thus, this factor was labeled *Convenience*. Convenience, Access, and Trust (CAT) formed a triangle of emphasis for further study (see Figure 1). This CAT result points to the areas in online shopping that have the greatest potential to influence likelihood for elaboration within the ELM context. Study 2 was undertaken to understand how the components of CAT actually influence the thoughts of online consumers and specifically in what direction (positive or negative thoughts).

STUDY 2

Study 2 employed an online conjoint experiment (a simulated online product search and purchase) based on the CAT components. Seven hypotheses were tested:
H_1: Minimizing travel to pick up a purchase will have a positive effect on A_{WS} for task-oriented shoppers.
H_2: Lower Web page complexity will have a positive effect on A_{WS} for task-oriented shoppers.
H_3: Increased levels of product information will have a positive effect on A_{WS} for task-oriented shoppers.
H_4: Including price comparisons in the search result will have a positive A_{WS} for task-oriented shoppers.
H_5: Including assurances that personal information will not be given to any third party will have a positive effect on A_{WS} for task-oriented shoppers.
H_6: Including assurances that the most up-to-date security software is being used to protect against fraud will have a positive effect on A_{WS} for task-oriented shoppers.
H_7: Subsets of respondents will exhibit measurable differences in their preferences for the CAT components.

A conjoint approach was chosen for its emphasis on understanding tradeoffs consumers make when evaluating competing options. The CAT construct, from Study 1, was represented by six independent variables, the study's conjoint stimuli, with each having two value levels. Validity of the attributes in describing the CAT constructs was tested with confirmatory factor analysis (CFA). The survey data from Study 1 was used in Analysis of Moment Structures (AMOS, Arbuckle & Wothke, 1999) with acceptable results (see Figure 2). The model obtained a good fit (chi-square = 7.86, p = .25, GFI = .99) reinforcing confidence that the six attributes well represent the latent CAT factors.

The resulting six variables were implemented within the online shopping interface. A cover story explained a purchase was going to be made online by the experimenter and participants were to help in evaluating different online shopping designs. Approximately half the participants were asked to search for a physical product while the remainder searched for a service. A banner advertising the experiment was placed on a commercial portal Web page resulting in 429 respondents' with data complete and usable. The sample compared well with statistics on Internet usage in Taiwan at the time (Find, 2001; YamWeb Frontier Foundation, 1999).

RESULTS AND DISCUSSION

Responses to the online conjoint shopping simulation exhibited good internal reliability with a Cronbach's alpha of .91 and a Guttman split-half reliability of .92. Part-worth utility values (see Table 1) show three CAT interface elements have the potential to play a moderating role in the cognitive processing stage of the ELM (minimize travel, information access, and fraud protection). Part-worth utility scores were used in a Ward's cluster analysis, producing a three-cluster pattern of dendrograms followed up with a K-means cluster analysis using the initial seed points from the hierarchical analysis. Independent conjoint analysis showed that each cluster contained respondents that approached the online shopping exercise with different expectations. Examining overall patterns, Cluster 1 (*Time Savers*) exhibited an emphasis on the presence of minimizing travel, information access, and fraud protection. Cluster 3 (*Information Seekers*) stood out for their emphasis on information access with a part-worth utility nearly three times larger than any other part-worth utility value. Minimizing travel was most important for Time Savers and least important for Cluster 2 (*General Surfers*). Examination of the research hypotheses within the context of the three clusters showed that the attributes not important to the overall sample were also not important to members of all three clusters (see Table 2). These included accessibility, price search information, and notification of personal information protection. The only attribute that was consistently valued across all three clusters was the inclusion of expanded product information.

CONCLUSIONS & IMPLICATIONS

Three CAT interface elements play a role in the processing stage of the ELM (minimize travel, information access, and fraud protection). The remaining three CAT elements (Accessibility, price search, and personal protection) may be useful in moderating peripheral cues. The specific direction of the influence (negative or positive thoughts) depends on the market segment the consumer is a member of. Results are combined and summarized in the online CAT model seen in Figure 3, where the central and peripheral routes split the circle, and each CAT component is concentrically represented in both routes. Market segments are displayed as straight lines crossing over the circles. Differences in attitude, among the market segments, toward the CAT components are represented by favorable, unfavorable, or ambiguous in the central route and favorable or unfavorable in the peripheral route (the three and two cognitive processing possibilities of the central and peripheral routes, respectively).

The convenience of having the product shipped directly was only appreciated by the Time Savers segment. Thus, emphasizing the convenience of home shopping will be valued by Time Savers and increase the likelihood of elaboration for such a Web site. Elaboration likelihood for the same message is also increased for General Surfers, but in this case the result is likely to be negative, as this segment actually prefers to pick up the product. Ease of use design and displaying price search information lacked importance for all the segments when completing the online task. These elements are likely to be part of the peripheral route of persuasion, if they are to play a role at all. Expanded levels of information (product descriptions) was the only variable to elicit positive thoughts among all three segments, and most especially for Information Seekers. This means that Web sites that do not emphasize content run the risk of activating negative thoughts of visitors who are expecting increased levels of information.

Trust was valued differently by the three segments, with personal data protection not valued by any segment and actually disliked by the Information Seekers. It appears that this component is best implemented through the peripheral route, by avoiding direct emphasis on the Web page. It is possible that consumers assume the presence of such protection and any specific reporting of how the data will be handled raises the issue cognitively for viewers. This may be especially true for Information Seekers who would prefer to process information rather than give any out. Fraud protection is much more likely to cause elaboration when presented to Time Savers and Information Seekers, while for General Surfers this component makes little difference.

The convenience catalogs brought to rural Americans in the nineteenth century was bundled with payment systems, product delivery systems, and guarantees of quality in order to create an environment where exchange could occur smoothly. Issues of interface design are not new. Catalogs, like those from retailers such as Sears, Roebuck & Company, included product descriptions and graphics that were relevant (central route) to the rural farmers who were suspicious of *city folks* and money scams in the early twentieth century. Those early developments of marketing communication bundles eventually led to a catalog market totaling more than 120 billion USD in annual sales for the year 2000 (DMA, 2001). This study finds that online consumers do not have an endless list of prerequisites before they participate in the medium. A few vital components, combined correctly, can facilitate an enjoyable online shopping experience and increase the effectiveness of a Web site's marketing message.

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TABLES AND FIGURES

Table 1. Part-worth utility values

	Min. travel	Accessibility high	Info access high	Price search high	Personal protection high	Fraud protection high
Overall results	.081*	.023	.579*	-.006	-.021	.12*
N = 428	(.486)	(.494)	(.731)	(.465)	(.435)	(.487)

Note: Values in parentheses represent standard deviation; significance level represents difference between the two levels of the utility values tested with a paired *t*-test; * $p < .05$

Table 2. Summary of hypotheses results

		Results for sample segments			
		Overall N = 428	Time Savers n = 91	General Surfers n = 240	Informatio n Seekers n = 98
H_1	Minimizing travel to pick up a purchase will have a positive effect on A_{WS} for task-oriented shoppers.	S	S	NS	NS
H_2	Lower Web page complexity will have a positive effect on A_{WS} for task-oriented shoppers.	NS	NS	NS	NS
H_3	Increased levels of product information will have a positive effect on A_{WS} for task-oriented shoppers.	S	S	S	S
H_4	Including price comparisons in the search result will have a positive A_{WS} for task-oriented shoppers.	NS	NS	NS	NS
H_5	Including assurances that personal information will not be given to any third party will have a positive effect on A_{WS} for task-oriented shoppers.	NS	NS	NS	NS
H_6	Including assurances that the most up-to-date security software is being used to protect against fraud will have a positive effect on A_{WS} for task-oriented shoppers.	S	S	NS	S

Note: S = Supported; NS = Not Supported

Figure 1. CAT emphasis model

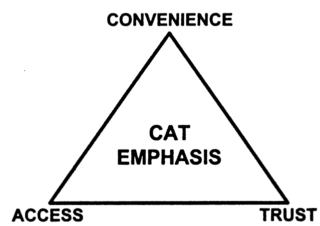


Figure 2. Path diagram for CFA

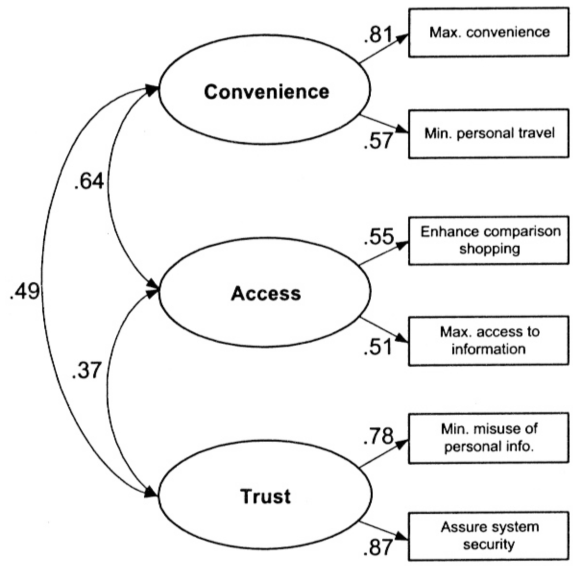
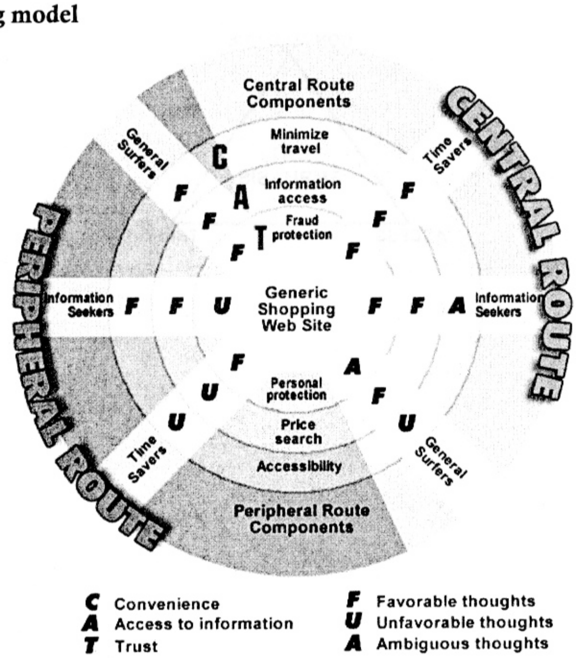


Figure 3. CAT online shopping model



GENDER DIFFERENCES IN ONLINE BUYING ATTITUDES AND BEHAVIOR: AN EXPLORATORY ANALYSIS

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ABSTRACT

Online shopping is a growing phenomenon all over the world. According to a study from International Data Corp (IDC), more than 600 million people would access the Internet globally by the end of 2002 and spend more than US$1 trillion buying goods and services online. Many studies have also been conducted to examine the socio-economic characteristics of Internet users and shoppers. Others have also examined the differences between males and females online buyers (Darley and Smith, 1995; Donthu and Garcia, 1999). However, very few studies have investigated this aspect of online shoppers in Asia.

This paper primarily aims to examine the gender differences in online buying behavior among a group of Internet users primarily in an Asian country – Singapore. Based on a sample of over 3000 respondents, it was found that female online shoppers behaved differently from their male counterparts in many ways. When buying online, they preferred to buy well-known brands compared to that in a traditional retail environment. On the other hand, male online shoppers were inclined to put emphasis on the choice of brands and product features. They were also prepared to conduct more comparison before making up their minds.

As for promotion, female online shoppers were more receptive than their male counterparts to image-based messages compared to text-based messages. They were also more inclined to click on banner ads. In addition, female online shoppers were keener to go to shopping malls whenever they have free time. When making purchase decision for an automobile, they were more likely than men to use the Net as a source of information but make the actual purchase in a traditional retail store. Female shoppers, moreover, were more willing to shop from an online store that also has a brick and mortar store. Obviously, they were more cautious about online shopping security than their male counterparts.

As for the facilitators and inhibitors of online buying, the females were more concerned about security than their male counterparts. They also expressed greater reservations about warranties and concerned more about being able to feel and touch products when making purchases over the Net. The men however believed more strongly that buying online saves them time and money. Finally, both males and females were generally satisfied with their online purchase experiences and were prepared to continue doing so in the near future. However, they were less forthcoming when coming to recommend their friends to buy online. In conclusion, it is evident that the female shoppers do more comparison and harbor a greater sense of insecurity when shopping online.

CONTEXTUAL MARKETING: THE NEW BUSINESS MODEL FOR ELECTRONIC COMMERCE

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ABSTRACT

New technologies (wireless Web, personal digital assistants or PDAs, interactive television, etc.) create ample opportunities to effectively target customers in real time in the virtual space. In the next five years, a large amount of Internet users will access the Web and shop online through wireless devices such as Web-enabled cell phones, laptops, and PDAs. Consumers may access the Web and Net anywhere anytime via wireless devices. The strategy of contextual marketing (CM), or providing the customized and contextual information to customers at the point of need in real time, becomes the key to reaching and retaining online customers. In fact, in an already information overloaded economy, consumers need not simply information, but the relevant, customized and contextual products and services at the point of purchase.

Yet, few direct marketing practitioners are capitalizing the surge of these wireless Web users. Skygo and Versign are applying direct-response platform that allows mobile phone users and advertisers to interact and respond to each other in real time. In Japan, Wireless carrier NTT DoCoMo's I-mode service offers its more than 10 million consumers with wireless access to hotel reservations, restaurant locators, ski resorts, real-time stock exchange statistics, and the like. The I-mode service is very successful and profitable by providing relevant and contextual information when online users want it at the point of need in real time, not just when they sit in front of PCs.

This study attempts to empirically explore the new business model of CM and its resulting e-commerce performance in a business-to-consumer setting. Survey data of online users were utilized to examine quantitatively the perceived importance of CM and its both positive and negative outcomes. Our results provide some initial evidence of its positive influence on users perceived e-commerce outcomes (e.g., site value, user satisfaction and online purchases). In addition, we do not find support for its potential negative outcomes (e.g., consumer complaint behaviors of providing incomplete information and incorrect information online).

The present study contributed the literature in a couple of ways. First, it is the first empirical study, though in exploratory nature, that comprehensively investigated the CM strategy of Internet retailing sites and its potential performance implications for e-commerce from an online user perspective. Second, we theorize and test not only the bright side of CM but the dark side of CM as well. It is found that CM tends increase online consumers' perception of site value, satisfaction and repeated purchase, but, importantly and interestingly, does not increase the chance of providing incomplete information or incorrect information online. Third, we develop and validate a scale of contextual marketing. Scale development is a critical step in testing theory and generalizing research findings. Finally, we contribute to the literature by proposing multiple metrics of e-commerce performance. Most existing metrics are only positive side of e-commerce (e-loyalty, e-satisfaction, etc.), ignoring the fact that technology is a double-edged sword. It may result in unwanted, unsolicited consequences such as privacy concerns and consumer complaint behaviors.

The reported findings in this study are critical from a managerial perspective because few direct marketing practitioners are capitalizing the surge of wireless Web users and the power of CM strategy. Internet storefronts may enhance their performance and customer relationships by adopting the concept of CM. New technologies (wireless Web, personal digital assistants or PDAs, interactive television, etc.) create ample e-opportunities to effectively target customers in real time. For example, Softlock.com inc. introduced a Dynamic Content Locking (DCL) technology that enables e-businesses to offer, sell, and distribute digital customized products/services in real time to Internet users. This DCL technology, by the aid of artificial intelligence, neural network, and wireless connection, can provide potential online shoppers with up-to-the-minute, relevant products at competitive prices.

SUPPLIER DIVERSITY PROGRAMS AND THEIR IMPACT ON PURCHASING AGENT NEGOTIATION STRATEGIES: A ROLE THEORETIC MODEL

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ABSTRACT

Government contracting and procurement practices that include preference programs for women and minority-owned business enterprises (WMBE) and supplier diversity initiatives in industry are commonplace in the U.S. and have sprung up in other nations like Australia and Canada, but with a focus on aboriginal business enterprises (ABE). An interesting incongruity exists however. Although WMBE procurement preference and supplier diversity programs are commonplace in the U.S. and articles about these efforts regularly appear in the business press and trade publications, this topic has received scant attention in the academic literature (Carter, Auskalnis & Ketchum 1999; Krause, Ragatz & Hughley 1999). Within this limited literature there are several reports that many of these programs have produced disappointing results and frustration (Bates 1985; Bates & Williams 1996; Dollinger & Daily 1989; Pearson, Fawcett & Cooper 1993; Singleton 1995). Among these critical studies, several common themes can be noted. Many have reported that WMBEs face impediments to success that are structural (e.g., firm size, access to financing) and communications-related (e.g., inadequate access to bid requests, failure to disseminate information on WMBEs to purchasing staff). Other studies have noted impediments that are more related to the *social context*. These include findings of the perceived difficulty by WMBEs in developing strong buyer-supplier relationships, opportunistic behavior by purchasing agents, and the sometime hostile environments encountered (Dollinger & Daily 1989; Pearson, Fawcett & Cooper 1993).

What this suggests is that we lack sufficient knowledge of whether the organizational buying behaviors of purchasing agents play out in a different manner when dealing with WMBEs or ABEs versus with firms that are not classified in this manner. Given the limited amount of research in this area, there exists a need to develop innovative models that address phenomenon related to procurement preference and supplier diversity programs and then systematically subject them to empirical testing. Accordingly, we present a conceptual model of purchasing agent behavior during procurements that correspond to new task or modified rebuy situations (Robinson, Faris & Wind 1967) that addresses how greater role stress (Clopton 1984; Michaels, Day & Joachimsthaler 1987; Michaels et al 1988; Michaels, Kumar & Samu 1995; Singh 2000) may be evoked when certain vendors are classified differently, along with the potential consequences that may ensue during the negotiations that result in a new purchasing agreement. A series of testable research propositions are tendered, along with theoretical and managerial implications.

References available upon request.

ENHANCING INTER-FIRM PERFORMANCE THROUGH INTERNET DRIVEN MANAGEMENT OF INTER-ORGANIZATIONAL KNOWLEDGE AND RESOURCES

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ABSTRACT

This study investigates the effect of the Internet on inter-firm performance in a supplier-distributor dyad. Initial analyses of industry data collected on a small scale indicate that Internet usage between partner firms does have a positive effect on firm performance. This positive effect strongly suggests that the Internet facilitates knowledge sharing between partner firms and strengthens social capital between a manufacturer and its distributor.

INTRODUCTION

There is an ongoing confusion and skepticism about the role played by the Internet as a lever of competitive advantage and as a key factor in firm performance. Researchers have shown that information technology and the Internet have evolved that can enable a firm to attain a relationship orientation, to integrate and align organizational and inter-organizational processes and a deep knowledge of the customer which leads to competitive advantage (Shoemaker 2001; Davenport et al. 2001). At the same time however, some researchers have concluded that investments in Internet technology has no effect on company performance and managers have sunk billions of dollars into information technology and Internet often with marginal yields (Malhotra 2000).

There is substantial lack of research, which tries to resolve this confusion about the role of the Internet. This research is crucial because of the growing use of the Internet in firms and particularly interesting since firms today could be seen as collection of organizational transactions and processes. The study takes on special significance when collaborative firms are analyzed where knowledge, resource and relationship management might be trickier.

Our objective in this paper is to investigate the part played by the Internet in influencing interfirm performance in a supplier-distributor dyad by exploring its effect on inter-organizational transactions and processes and also on the social capital that forms between partner firms. This understanding will help us to develop an integrating framework of Internet driven firm performance. In the process of achieving this objective we will also try to resolve the confusion resulting from the application of the Internet as a source of competitive advantage. We fall back on the precepts of the Knowledge Management, Resource Based and the Relational perspectives to help us achieve this objective. This holistic approach will help to better understand the role of the Internet in inter-organizational effectiveness and develop an integrating framework of Internet driven firm performance.

RESEARCH FOUNDATIONS

Knowledge Management Perspective

Knowledge management is all about capturing, storing, and transferring knowledge and also about ensuring that knowledge workers share their knowledge. The type of knowledge involved affects knowledge acquisition and exploitation (Lane & Lubatkin 1998). One of the problem areas in the implementation of knowledge management is the tacit nature of knowledge (Simonin 1999). Reed and DeFillippi (1990) defined tacitness as the implicit and non-codifiable accumulation of skills that result from learning by doing. Tacitness of knowledge also contributes to its ambiguity (Simonin 1999; Reed and DeFillippi 1990) making it difficult to share in its entirety. Due to its socially complex nature, marketing know-how is generally tacit which is often ill codified and difficult to transmit. Due to this problematic nature of knowledge one of the important prerequisites of implementing knowledge management in marketing is the transformation of tacit knowledge into explicit knowledge (Bennett & Gabriel 1999). At the same time this tacit knowledge is also crucial for enhancing organizational performances where explication would not be beneficial (Ruggles 1998). Managing tacit knowledge is thus a significant challenge in the business world. Intrafirm or interfirm socialization is a process by which tacit knowledge can be shared (Cohen 1998). In a series of processes named "interacting, Cyber and Exercising" knowledge is converted from tacit to explicit and back to tacit (Cohen 1998). So tacit and explicit knowledge feed into each other in a continual process of knowledge creation. Hence the intrafirm/interfirm socialization process is an important link in the chain of knowledge creation and competitive advantage.

Resource Based Perspective

The Resource based View of the firm, which builds on the perspective of value creation, views the firm as a bundle of resources and capabilities. This value creation comes from the unique combination of these bundles of complementary and specialized resources, which is difficult to imitate (Wernerfelt 1984; Raphael & Shoemaker 1993). Peter H. Gray (2001) identified two very important organizational learning processes (problem solving and problem recognition) for attaining and sustaining competitive advantage, and also analyzed survey data to support his point. Knowledge when utilized through solving problems, exploring opportunities and making decisions can generate economic value (Gray 2001). Thus problem solving is arguably a primary vehicle for learning in organizations. The author however maintains that in decision-making, problem recognition must precede problem solving.

Sometimes causal ambiguity of knowledge resource increases the threat of substitution, which has been identified by resource-based theorists as one of the threats to competitive advantage (McEvily et al. 2000). The authors suggest that firms can delay substitution by identifying the causes of superior performance, exchanging that knowledge with competitors and using this knowledge to make credible commitments to key stake holders (employees, suppliers, customers).

Relational Perspective and Social Capital

Proponents of this view strongly argue that all knowledge management activities and learning processes leading to enhanced firm performance is supported by behavioral intentions of the concerned players, which creates the web of relationship (Ballantyne 2000). They argue that the relationship process determines to what extent the potential value of organizational processes is actually realized. The proponents see this web of relationship as a form of social capital (Lesser & Storck 2001; Koka & Prescott 2002). Inter-firm relationships are the conduits of information. Koka & Prescott (2002) in their research on strategic alliances and social capital specifically breaks down social capital in terms of information volume, information diversity and information richness. The information volume dimension emphasizes the quantity of information that a firm can access and acquire by virtue of its alliance. The information diversity dimension of social capital emphasizes the variety and to somewhat lesser extent, quantity of information that a firm can access through its relationship (Koka & Prescott 2002). The information richness dimension of social capital emphasizes the quality and nature of information that a firm can access through its relationships.

Internet Organizational Functionality

Firms use the Internet to make knowledge and expertise of the organization explicit and accessible and to integrate learning into the firms' knowledge base (Bennett & Gabriel 1999). This should improve the flow of information, decision making and enable employees and partners to respond quickly to complex inquiries about products, innovate and become more efficient in their operations. The Interactive Nature of the Internet has the capacity of effectively launching and sustaining an Enterprise Resource Planning system (Shoemaker 2001). The major benefits to a firm are that channel members experience more accurate and accessible inventory and delivery information, supply aligned firms with better and more timely information and more efficient internals functions. Also the Multiple Touch Point Capability of the Internet allows it to facilitate the knowledge management processes of gathering, storage, communication, synthesis and dissemination of information. Shoemaker (2001) cites extensive use of the Internet to strengthen partner and customer relationships. Partner Relationship Management (PRM) software allows manufacturers to connect more closely with resellers (Shoemaker 2001). Business portals, both B2C and B2B enable a firm to maximize marketing potential on the web. Customer relationships are solidified by the transaction processes that fulfill customer desires. The Internet here too plays a significant part. Transaction process software helps channel members to experience more accurate and accessible information. The results of manufacturer and/or distributor promotional events can be tracked more effectively. Vendors operate with better forecasts. (Young 2000; Maitre 2000).

To be truly effective the Internet should not only help in transaction processes but also play a significant part in strengthening partner relationship. That the Internet can effectively be used as a tool for building social capital has been established by researchers (Malhotra 2002; Shoemaker 2001; Lesser & Storck 2001).

FRAMEWORK DEVELOPMENT

An interfirm dyad, the supplier-distributor dyad in this case, can be visualized as having both a transactional as well as a processual part. Competitive advantage and enhanced interfirm performance comes from both the transactional as well as the process competencies developed by the dyad (Powell 1998). Also the criticality of social capital to attaining and sustaining enhanced inter-firm performance has been well supported by both the Knowledge management and the Resource management theories. The proposed framework integrates precepts of the Knowledge Management, the Resource Based and the Relational views of interfirm performance and competitive advantage, in an attempt to understand and explain the ways in which the Internet affects interfirm performance.

The Internet affects interfirm performances by positively affecting all three of the above. The Internet not only facilitates the transactions between the dyad members, but also expedites the interfirm processes of knowledge creation and transfer, through conversion of tacit knowledge into explicit knowledge, facilitating its storage and distribution and through the processes of new problem recognition, problem solving and credible commitments. This results in enhanced interfirm performance. (Malhotra 2000; Raphael & Zott 2001). However the effect of the Internet on interfirm performance through enhancing of interfirm transactions and business processes by itself will be at best weakly positive and short lived. This is because in the uncertain business markets of today, tacit and idiosyncratic advantages erode over time if the organization learning process is not sustained. (Lorenzonni & Lipparini 1999). Learning occurs through reciprocal exchange of knowledge between firms and through the process of socialization and the development of a social capital. This framework also depicts the role of the social capital in enhancing interfirm performance(see Figure 1). The role of the Internet in developing and sustaining social capital in organizations has already been established in research. The social capital thus positively moderates the effect of the Internet facilitated interfirm transactions and processes, on interfirm performance.

Thus in this framework of Internet driven interfirm performance, the Internet is seen to have a dual role of not only enhancing the transactional and process competencies of the dyad but also helping to strengthen the social capital between the firms. Both these benefits enhance knowledge acquisition and sharing which are critical for interfirm performance and acquiring of competitive advantage.

Proposition 1: Use of the Internet for transformation of tacit knowledge to explicit knowledge positively enhances inter-firm performance.

Proposition 2: Use of the Internet for creation, storage, dissemination and sharing of knowledge between partners, positively enhances inter-firm performance.

Proposition 3: Use of the Internet for new problem recognition positively enhances inter-firm performance.

Proposition 4: Use of the Internet for problem solving positively enhances inter-firm performance.

Proposition 5: Use of the Internet for facilitating credible commitments positively enhances inter-firm performance.

Proposition 6: The amount, diversity and richness of information acquired by a firm by virtue of its partnership positively moderate relationships between antecedents and interfirm performance.

DISCUSSION AND MANAGERIAL IMPLICATIONS

The empirical findings of this conceptual framework once tested will be a step forward in understanding what part the Internet plays (in both its functionalities of communication and transaction) in knowledge, resource and relationship management between manufacturers and their intermediaries. Considerable use of the Internet in and between firms is a common phenomenon nowadays and it is important to see whether this use has a positive, negative or no effect at all on firm performances.

This concept also has implications for the business world. In today's world of fast disappearing competencies and short product life cycles, one thing that helps a company to sustain and probably enhance profitability is to have the right knowledge to act upon, so that customers remain satisfied. The dissemination of this knowledge has always had very harsh limitations due to primarily bi-directional communication between individuals in the dyads. The knowledge is often not disseminated widely as it has usually been limited to telephone calls, letters, faxes and the occasional meeting. Use of the internet will greatly enhance this dissemination of knowledge. The sales and marketing world of business changes quickly, and much explicit knowledge is locked up in one person's head. The use of specialized software and the internet will force the carriers of this knowledge to codify at least a part of it and therefore make it transferable. Creating and storing knowledge on the internet, which can easily be disseminated and shared is having a great impact on business. This will allow best practices, hard to learn techniques and other knowledge which was previously tacit to be equally shared. This knowledge can then be stored and referred to over and over again, by as many people as is necessary. This will lead to better understanding of the business processes quickly, and better profitability.

Great problems are caused in business when one party does not properly recognize the problems of the other. The globalization of business enhances this problem. Through the internet, problem areas can be more easily addressed and disseminated to the proper parties. This will allow problems to be recognized and solved more quickly. The internet can provide real time pictures, video and other medium not available before. Many people can evaluate the problem in a real-time environment and offer solutions. Also, problems can be stored and reviewed in the future to assist in development.

In the social capital realm some kind of exchange of ideas and building of a trust relationship must be developed. This has always been extremely difficult via written media, and quite difficult via telephony. It is usually only strongly developed through personal contact, and this becomes more difficult in these times of budget restrictions and expensive travel. The internet opens new avenues for the development of social capital through the inclusion of pictures, discussion groups and other personal and interactive contact.

Our conceptual framework will help managers to understand and appreciate the importance of the Internet in enhancing the learning experience and ultimate long-term profitability of firms by facilitating sharing of skills and knowledge in a manufacturer-distributor dyad.

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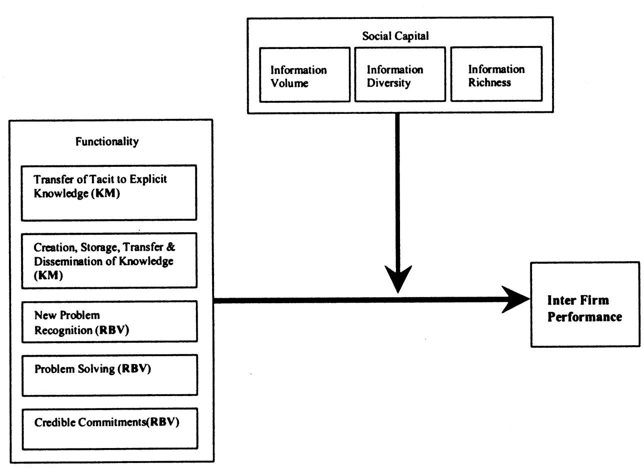
Figure 1:
Interfirm Performance Framework



ORGANIZATIONAL LEARNING AS A STRATEGIC TOOL: OPERATIONALIZING AN INDEX OF LEARNING

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ABSTRACT

This paper makes a distinction between organizational learning and learning organizations. An index is constructed to determine how much an organization learns.

INTRODUCTION

Information must be developed and managed by businesses if they want to be successful (Kanter 1999). During the past few years, knowledge management has become a popular concept (King 1999, Kanter 1998). According to many, knowledge management is a strategy that organizations are using to its benefit. However, managing information is not an automatic activity. Although all organizations, as they survive and succeed, learn, this is not what learning organizations are engaged in. Learning organizations generate and manage their information and integrate that information into their management systems proactively and selectively (Bandreau and Couillard 1999). A learning organization is skilled at creating, acquiring, transferring knowledge as well as modifying its behavior to generate new knowledge and new insights (Garvin 1993). Individuals' learning within the organization does not necessarily mean that the organization is learning. Even if the organization is learning, unless the learning is institutionalized and used proactively by being integrated into the firm's management systems, it does not mean that company is a learning organization. Most of the information generated for the firm enables it to succeed in the marketplace. Thus marketing knowledge must be closely connected to the efforts of learning organizations. Since this does not happen automatically, the organization must proactively generate information and use it in the areas where it is most needed. Unless this is happening, that organization is not learning. This paper has three objectives: first, it establishes the key features of organizational learning; second, it presents an instrument coined the index of organizational learning; and, finally, it presents a preliminary exploration of the usefulness of this new tool.

The Knowledge Chain

Although there is rich literature on organizational learning the literature, unfortunately, does not distinguish organizational learning and learning organization. This categorization is critical because even though as they survive, organizations learn, this is passive learning. It is posited in this article that learning organizations are engaged in proactive learning which improves their chances of survival and profitability. Much literature is available on knowledge management (Garvin 1993, Spender 1996, Lykes 1992, Nonaka 1994, Drucker 1999), which is related to organizational learning. But characteristics of a learning organization are not carefully studied. If the organization does not learn as part of its strategic focus and does not use this knowledge proactively, the value of information and the value of learning are almost nullified. The more the organization is prone to learning the way it is described, the greater its market performance. It is, therefore, necessary for organizations to examine their learning capabilities as part of their strategic pasture for success.

The Ten Key Factors of the Knowledge Chain

Although most companies might think of themselves as learning organizations, it is quite doubtful that they are capable of distinguishing between organizational learning and learning organizations or maybe more specifically between passive versus proactive learning. Without this distinction, they cannot improve their own learning capabilities. In order to distinguish between the two, ten key factors are identified. In order for an organization truly to be a learning organization, it must excel in all of these ten factors. These are specified and discussed below:

Organizational Leadership (Factor 1):
An organization's leaders need to actively support the premise of a learning organization. All corporate cultures take on the personality of its leaders and their style. It is a common belief that top management has great influence over

those within the organization regarding the creation of a general knowledge structure (Lykes 1992). An open and sharing style will encourage individual knowledge and wisdom sharing through multiple media. On the other hand, the building of corporate wisdom will require time and capital commitments with results that are difficult to measure. If top management does not consider knowledge development as a strategic activity, there will be no success in this direction. The leaders will expect to be the beneficiary of corporate wisdom during decision-making process. The key is for the leaders to recognize that they need to create and sustain momentum so that contributions to corporate wisdom are not a unique experience but a routine and daily event (Drucker 1999).

Internal Communication (Factor 2):
Internal communication has a direct effect on corporate learning or the lack thereof. If an organization does not encourage communication and knowledge sharing, within itself, then organizational learning will be concentrated in the hands of a few individuals who may or may not share the already accumulated information with those critical people who need it for effective decision-making.

Type of Resources Utilized (Factor 3):
This organizational attribute in many ways is a result of the type of business the company is engaged in. Scientific, engineering and highly technical companies employ individuals that are focused on their work and ignore extraneous activities such as sharing knowledge. Many service organizations employ those who are the product and therefore are accustomed to sharing knowledge with the customer. The key is to convince those employees that sharing knowledge internally will ultimately benefit the customer, which in turn adds value to the company (Drucker 1999).

Amount of Quality Research (Factor 4):
Research is a very important source of knowledge. However, the quality and quantity of research and how successfully it is shared by the whole organization is essential to a learning organization. Generating quality research and distributing its results in the form of knowledge throughout the organization can be very difficult (Garvin 1993).

Mobility of the Corporate Culture (Factor 5):
In addition to the prevailing unusually high-level workforce mobility, current merger mania and hostile takeovers are creating further mobility. The workforce mobility partially or fully disrupts the organizational learning (Kogut 1992). Knowledge that is needed by the organization is held by individuals who have the firm. The lower the average tenure, the more difficult it becomes to maintain a corporate culture of continuous learning. Much of the time those who leave the company depart with individual knowledge and wisdom that was never transferred to any person or other medium. This situation causes the organization to lose learning capacity (Kim 1993).

Degree of Interaction Among Corporate Offices (Factor 6):
As the virtual office permeates corporate cultures, the amount of interaction among staff decreases. If interaction among individual employees is minimized, so is the sharing of information, knowledge and experiences. As Kim (1993) articulates: "very decentralized organizations that do not have the networking capabilities to keep the parts connected are also susceptible to fragmented learning." There needs to be a greater reliance on technology to increase communication among employees. Knowledge databases are becoming popular in consulting organizations. This gives those mobile employees a central source of information to access and add to.

Technical Architecture (Factor 7):
This factor determines the ease or difficulty of adding to and obtaining corporate wisdom. The architecture is often seen as the first step in the organizational knowledge development process. Typically, the organization first puts in place an information technology infrastructure and then goes beyond the technology to view the management of "information" itself as a major asset to generate competitive advantage (Glazer 1991). The knowledge database is the term most often used to define the central repository for corporate knowledge. The traditional approach has been to use data intensive computer terminals and reports (Huang 1997).

Time Investment Required (Factor 8):
The time spent creating or sharing knowledge is nearly impossible to justify in today's short-term oriented business environment. Learning is very difficult when employees are forced into spending many long hours on their jobs. It is being ignored by the pressures of the moment (Garvin 1993). Since more corporations are evaluated on a quarterly

basis, it is hard to justify such a long-range soft investment return such as corporate learning. Thus, unless top management explicitly free up employees' time for the purpose of learning, there will be no progress in this area.

Team Orientation (Factor 9):
If an organization embraces teamwork, the idea of corporate learning is an easier transition. The idea of teamwork is to share knowledge and work together towards a common goal. The key to team success is interaction. Interactive communities contribute to the amplification and development of new knowledge (Nonaka 1994). The team also needs to share knowledge and experiences with the organization. Drucker (1988) believes that the future organizations will consist of task-oriented teams consuming the majority of resources within the organization. If the company does not have a team orientation it will be rather difficult to train every member of the organization to share knowledge and work within teams. Experts believe that the people who work best in a knowledge-sharing environment are team-oriented (Lancaster 1997).

Usage of Knowledge Within the Organization (Factor 10):
A learning organization will use knowledge that is accumulated through much effort for its decisions. The quality of the knowledge and how well it is used in business decisions are the key indicators that the organization is actively learning. If the knowledge is high quality and used effectively, the overall performance of the firm in the market place will improve. This improvement can be measured by changes in the profit picture, market share or sales volume. Internally, an increased employee satisfaction may indicate the same positive knowledge use pattern (Darling 1996). Decisions need to be based on combined organizational knowledge. This way knowledge adds value to clients sooner and delivers the right solution to clients quicker (Huang 1997). The feedback and results of the decisions should be fed back into the knowledge repositories to assist in future decisions.

METHODOLOGY

Hypothesis Construction

Based upon the ten key factors in the organizational learning process, two key hypotheses were constructed.

H1: There is a significant difference in the knowledge absorption level of different organizations, regardless of if they are or are not learning organizations. In other words, it is hypothesized that the ability to absorb knowledge and use it properly varied significantly from one company to another.

H2: There is a strong association between organizational learning capability and market performance measured by total revenue of the firm. In the final analysis, the firm's ability to learn will improve its market performance in many different ways, the total revenue criterion is only one, but it is a reasonable criterion to indicate the firm's performance level.

Survey Instrument Construction

The above-discussed ten factors were the basis for the research instrument. A 32-item Likert scale questionnaire was developed dealing with the ten factor criteria. The research instrument was split into three major components:

1. Company profile -- describes company characteristics
2. Employee profile -- reports information regarding the employee's position within the organization
3. Main question section (32 questions) -- questions representing the ten factors.

On the bases of scoring organizations were categorized as "no learning," "low learning," "medium learning," and "high learning."

Before the actual field work, five executives from five different organizations (other than the survey participants) were asked to rank the ten factors according to their perception of these factors. This application of Delphi Method enabled the researchers to obtain unbiased opinions from different management levels and from different companies, regarding the relative importance of the ten factors. The Delphi results were used as a part of the weighted scoring methods to evaluate the nature of organizational learning in different companies. The weights were further used to calculate the average factor rankings from the respondents.

A weighted scoring method was developed to give a responding organization an idea of where they are on a scale of 100, which represents a perfect learning setting as perceived by respondents. Once the mean scores for each of the 10 factors are calculated, the Delphi weighting percentage was then applied to each factor. The scores for ten factors were accumulated to obtain a total organizational score which was coined the Index of Organizational Learning. Such a measurement not only would indicate where the organization stood against the absolute perfect 100, but also would compare relative standing of different organizations or even different units within the organization.

THE STUDY FINDINGS AND DISCUSSION

The database for this study was obtained from six financial organizations. A group of 115 employees from these six companies participated in the study. All of the participants were very familiar with their respective companies; they all participated in information generation and utilization. It is assumed that if the employees do not believe that there is an aura of learning in the organization, no matter how willing top management is, the company will not become a learning organization. The organizations that participated in the study are publicly held, well known international organizations. All employed at least 2,000 employees worldwide.

Exhibit 1 illustrates the six companies' learning indexes. Company A scored the lowest (60.64) and Company B the highest (69.83). But all six participants appeared to be in the medium learning range. Even though, in the study sample there were no pure or perfect learning organizations that scored between 80 and 100, there were significant differences in the respondents' rates of learning. The index score ranged between 60 to 69. It may be speculated that all of the participating companies in the study are at the threshold of becoming learning organizations. However, there is a significant difference between the highest and the lowest score within the group. This difference was 15% (9/60). Thus, the study findings support the first hypothesis in that companies learned at different rates.

Two separate approaches were used to test the second hypothesis. The first test was a Pearson correlation. The correlation coefficient was calculated to be .705. The second test was a rank correlation, which yielded a correlation coefficient of .886. Thus, it was established that the firm's learning index correlates very highly with the firm's revenue growth. In order to eliminate the possibility of a spurious correlation, the firm's annual revenue growths for five years were averaged. Exhibit 1 presents the data on the average revenue, learning index ranking and average revenue ranking. It is important to reiterate that the more a learning organization the company is, the more it is enjoying a desirable revenue growth rate.

CONCLUSIONS AND FUTURE RESEARCH

Becoming a learning organization is not an end in itself, but a vital development towards an end. The end of the course is increased competitiveness and competence. There is no obvious measurement to directly link success to learning but an instrument such as the index of organizational learning may fill in the gap. The objective of this study was first was to first examine the level of learning in an organization, then the level of learning in an organization, then explain the link between organizational learning and market performance. There appears to be an important connection between organizational learning and the firm's overall performance. The study findings indicated that an index of organizational learning can be rather useful for the firm to examine its own learning capabilities. Such a diagnostic measure can be invaluable.

EXHIBIT 1
INDIVIDUAL LEARNING INDEX, NUMBER OF PARTICIPANTS REVENUE

Compan y	Weighted Score	Weighted Rank	Number of Participants	Average Rev. Growth (%)	Growth Rev. Rank
A	60.64	6	21	7.73	6
B	68.83	1	38	15.06	2
C	61.99	5	15	6.15	5
D	66.63	2	15	20.02	1
E	68.04	3	16	15.57	4
F	66.41	4	10	5.99	3
			115		

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AUSTRALIAN COURSEWORK-FOCUSED MARKETING MASTERS DEGREES: RETRAINING, CREDENTIALS OR PREPARATION FOR PHD?

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ABSTRACT

Using content analysis this paper examines entry requirements, degree structure and research opportunities within Australian marketing masters degrees. The study identifies that there is wide variation in offerings, with different degrees striving to achieve varying objectives: training for PhD, advanced studies in marketing, conversion courses for those without marketing degrees or accreditation for those in the industry.

INTRODUCTION

Basic marketing theory suggests that to be effective, organisations need to provide product and service offerings that comprise attributes appropriately targeted to the needs of customer segments. Within marketing education literature it has been a suggestion that universities should take a marketing approach to designing curriculum and marketing programs to potential students and employers (Nicholls *et al.* 1995). For example, Lamb, Shipp and Moncrief (1995) suggested that at the undergraduate level some marketing programs are designed to have an applied focus and others are designed to have a theoretical focus, and that these are positioned differently in the market. While researchers have examined the structure and pedagogic approach of undergraduate marketing programs in the U.S. (Butler and Straughn-Mizerski 1998) and Australia (Polonsky *et al.* 1999), there has not been an attempt to examine these issues for masters programs in marketing.

Within the context of this study we are focusing on what is often referred to as a Coursework masters degree, that is a post graduate degree in which the student primarily take subjects as opposed to a thesis. These exist globally, although in many U.S. institutions students enrolled in a PhD program, complete the requirements for a masters, after their first or second year of study, although some non-PhD granting institutions do offer masters degrees as well. While in the U.S., masters with a coursework emphasis are the norm, in Australia and other countries that adopt a British-type approach to education there are also master degrees in which students do not undertake any subjects in marketing, but rather undertake a substantial research project. Anecdotal evidence suggests that these "projects" are sometimes of a degree of complexity equivalent to a U.S. PhD thesis. There are however a number of coursework type masters in these countries as well, although in most cases these are standalone degrees and not something that one obtains as the progress towards their PhD. Thus coursework-focused masters are equivalent to U.S. master degrees. There is not an equivalent of the AACBS accreditation in Australia, although all degree-granting organisations must have government approval. It is up to individual institution to determine the appropriate structure and content of their programs. Some degrees are recognised by various industry bodies as being satisfactory for association membership. At present there are 38 universities in Australia, of which only two are private institutions

These coursework-focused masters degrees are growing in popularity globally, as compared to research-focused masters degrees (Knight 1997). For example, in Australia between 1988 and 1994 the number of coursework masters enrolments across disciplines grew by 149% and in the mid-1990's represented 93% of all Australian masters students in business (Anthanasou 1997). In comparison, within the U.S. the number of masters degrees rose by 43% between 1970 and 1990 (Knight 1997). While at one time masters were predominantly research based and designed to prepare students for undertaking a PhD (Jeans 1994), masters degrees have now become worthwhile degrees in their own right (Glazer 1986; Spencer 1986), with most shifting from a research emphasis to a coursework emphasis (Athanasou 1997; Thorne 1997).

Unfortunately the role of coursework-focused masters programs, in terms of educational experiences, is less clear than traditional research masters as there are a range of educational objectives that are not always clearly articulated (Knight 1997). Researchers have suggested that globally, coursework-focused degrees can be used to build on a knowledge gained in previous degrees (specialised programs); give people with other degrees an understanding of marketing (conversion degrees); or serve as an accreditation for practitioners (accreditation) (Thorne 1997). Anecdotal evidence from around the world also suggests that some universities require students to complete a coursework-focused masters prior to entering a PhD program, especially if the student does not have a marketing/business background. In these cases universities would want their students to enrol in a degree designed to develop advanced understanding of knowledge, rather that one that is designed to give accreditation.

From a marketing perspective it would be expected that universities, like all organisations, would offer a diverse range of "products", i.e. programs, targeting different segments. Athanasou (1997) suggests that the content of programs vary based on a range of issues related to the degree's focus. These include moving to non-traditional theses or independent projects rather than large theses (for example, one that represents 65% or more of the degree). New masters programs also cover a wider range of topics and often have a more applied focus than traditional research focused degrees that emphasised advanced theory. These newer coursework-focused degrees frequently also have more flexible entry standards, which rarely require honour's degrees[4] and have varying work experience requirements.

This paper undertakes an examination of coursework-focused masters in marketing in Australia, focusing on the criteria Athanasou (1997) identified as being important to the new breed of coursework-focused masters. The object is to describe the structure of coursework-focused marketing masters degrees within Australia today.

METHODOLOGY

This study examines data collected from all 38 universities in Australia, of which 36 are public institutions. Overall Australian universities offer a range of postgraduate coursework-focused masters degrees in marketing. In relation to this study, MBA degrees with marketing specialisations, graduate diplomas, graduate certificates, etc. were not examined.

A content analysis of information included on university web pages and university catalogues was undertaken. Content analysis is a process that is well recognised within marketing literature for examining various types of information within stimuli (web pages and catalogues in this study) (Kassarjian 1977). This approach has also been used previously within the literature when examining the structure of marketing programs, at least at the undergraduate level (Butler and Straughn-Mizerski 1998; Polonsky *et al.* 1999). Limited discussion with course coordinators was used primarily to collect information not included elsewhere or to seek clarification regarding inconsistencies regarding information in the available sources. It should be mentioned that there were a substantial number of instances where information in the web and handbooks was inconsistent, which might suggest that universities are not effectively promoting their programs, as target markets would be receiving inaccurate information. The inconsistency of information provided was not examined in this study and needs to be considered in future research.

The content analysis criteria examined in this study attempted to quantify those identified by Athanasou (1997) and include degree name which serves to position programs, entry requirements (past degree undertaken, work experience) which relate to the type of students that are targets; structure of the program (i.e. duration, number of subjects) which relates to the scope and possibly the depth of the program; and whether a research option was available, which will allow for students to have more focused study into an area and might serve as some degree of research training. Future research will also examine the specific subject composition within the coursework-focused masters, but is not the focus of the study presented within this paper. The information obtained was factual in nature and thus no inter-judge reliability measures were undertaken; a similar approach having been used previously in the literature (Butler and Straughn-Mizerski 1998; Polonsky *et al.* 1999).

RESULTS AND DISCUSSION

A census of the material identified that 26 universities offer 50 different coursework-focused masters in marketing (i.e. an average of 1.9 degrees per institution). Within some universities there are multiple degrees available within an organizational unit or multiple organisational units, which offer different coursework-focused marketing masters. For

[4] An Honors degree is where a student completes an additional year of advanced study, which is deigned to train them for research.

example, in one institution there are three departments/schools and each offers a unique coursework- focused marketing masters. In another institution there are six different coursework-focused marketing masters programs, all offered by the same organizational unit, on the same campus.

While there are 50 different programs, 17 of these focus on specialised marketing areas, such as Masters of Wine Marketing; Masters of Marketing (Logistics), Masters of Electronic Commerce and Marketing; etc. These degrees were omitted from the analysis as they are more specialised in nature. There were therefore 33 generalist coursework-focused marketing masters offered across 25 institutions, which will be the focus of this study. The names of these 33 programs varied. Nine were titled Masters of Business – Marketing (or some other derivation such as Marketing Management); seven were Masters of Commerce – Marketing; two were Masters of Management Marketing; and fifteen were Masters of Marketing, or some derivation. It is difficult to identify whether the naming makes a difference in terms of the focus or how it is marketed; this may have an impact if potential students perceive different names differently, which may happen in Australia.

Athanasou (1997) suggested that entry of coursework-focused masters would be more flexible in terms f their structure, given their varying focus. Thus people who are seeking advanced knowledge or entry into a PhD program would most likely enrol in masters programs that require some previous study (marketing or otherwise), which would be in line with the traditional focus of masters programs according to Jeans (1994). On the other hand, students looking for accreditation within the profession might be looking for a masters degree that structured completely differently or that has a different focus (Thorne 1997). In examining entry requirements there are several factors that are frequently used to determine if students meet the minimum entry criteria. These include previous academic background, demonstration of skills, performance on standardized tests (GMAT) and/or industry experience. In some cases these criteria might be used interchangeably, which creates flexibility. This flexibility may have implications for a degree's focus, especially if one program accepts heterogeneous cohorts of students all of whom have different base levels of knowledge and experience, and desired outcomes.

The research shows that coursework-focused marketing masters degree entry requirements vary substantially in Australia. Twenty-three of the 33 programs require that students must have undergraduate degrees and ten do not require an undergraduate degree as required for entry. Of the 33 programs requiring a degree, nine also require a minimum grade point requirement as well, and thus might select better students who have demonstrated a capacity for learning within a university environment

The specific focus of a student's previous undergraduate degree seems to be less important with 19 of the 33 degrees (58%) not requiring that students have an academic business background. This may translate into programs with diverse cohorts of students, which could limit a program's ability to explore advanced theory within an area of marketing theory. It is, however, worth noting that four of the 23 programs that do require an undergraduate degree require that students have a marketing or business background thus limiting heterogeneity. Eight of the programs that do not have an explicit business first degree focus stream students into different tracks, depending on their academic background (i.e. business/marketing non-business/marketing). Four of these eight also vary in the degree requirements for marketing/business students and others, with the others taking more subjects to complete their award. Interestingly ten programs allow students to substitute industry experience for a degree, and only one of these degrees specifies what length of experience is required (i.e. 3+ years). Coordinators within each institution subjectively evaluate the relevance of a potential students' work experience and as such there is a potential for varying interpretations of what constitutes "relevant experience".

While there is frequently an expectation that a coursework-focused masters is designed to link practice and theory (Davis 1997), only eleven of the 33 programs (33%) explicitly require relevant business/marketing work experience, with an average of 2 years being required. This may have serious implications for programs, especially if they are trying to give students a better understanding of practice and students do not have any, or only limited, relevant practical experience. On the other hand not having relevant work experience may be less problematic, in terms of learning outcomes, if the degree is designed to cover more advanced theoretical understanding of marketing issues students may not need to relate this to practice.

Athanasou (1997) also suggests that curriculum (content and structure) for programs might vary based on their focus.

The analysis in this regard has focused on the duration of the program and class contact, as well as the number of subjects required. The content of these individual subjects was not examined here and needs to be examined in more depth in the future. Unfortunately examination of programs is somewhat difficult as basic features such as the number of terms, duration of terms and number of contact hours differ, with some programs having three or four 10-12 week terms usually comprising 3 hours of contact a week, whereas others have two 12-15 week semesters usually comprising 3 hours of contact a week. It is therefore unclear if examining the structure of programs gives substantial information into the focus of the degree. Having said this the majority of programs (nineteen) last three semesters (full-time), three require four semesters or more to complete, with eleven taking two semesters.

In regards to subjects offered, most programs (eighteen) had twelve subjects required, two had more than twelve subjects, eight programs had eight subjects or less and the other five comprised ten or eleven subjects. Again it is difficult to draw conclusions about a program's focus from this breakdown as it is unclear how much work would be required within each subject. Although it may be safe to assume that a ten subject marketing masters, completed in two traditional semesters might be more focused on accreditation or retraining of students rather than preparing them for a PhD.

Athanasou (1997) also suggests that coursework-focused masters sometimes might provide a range of innovative opportunities for students to undertake research, which may allow for more advanced understanding of theoretical or applied issues. Within the thirty-three programs, most (twenty-three) have some research option available and in many of these there are several research options available. A thesis or major project is required in five programs and is optional within another six, i.e. one third of all Australian programs have a substantial research option. In two of these eleven programs the research project comprises half of the overall program representing a true hybrid of coursework-focused and research-focused. Overall it appears that within coursework-focused marketing masters programs there is recognition of the importance of having or allowing a detailed understanding of theory or practice beyond the classroom.

There are also less substantial subject based research options within programs and nine programs required students to undertake research focused subjects (i.e. Research Project, Industry Project, Applied Project, etc.). Within nine programs there were also research projects offered as electives to students. Without examining the composition of each subject it is not possible to determine the specific requirements, however, one might assume that "individual research subjects" would not necessarily provide opportunities for students to examine or test complex theory/issues, at least not to the same degree as in a thesis or major project. In addition some of the research subject titles suggest a very applied focus (i.e. industry project), which might indicate that the material (and possibly the overall degree) has more of a training or retraining focus (rather than examining theory in more detail, as would be expected in a more research focused degree) or that these are designed to give students without practical experience a more applied understanding of issues.

IMPLICATIONS AND CONCLUSION

The examination of coursework-focused masters in marketing programs identifies that based on the criteria examined there is in fact a diverse range and variation within programs. For example some programs require undergraduate degrees in marketing and others do not require any undergraduate degree. If these criteria are reflective of the educational approach then one could suggest that there are, in fact a divergent range of approaches within courses. Examining all the various issues in relation to entry and structure appears to suggest that programs have a diverse range of approaches.

Generally it does appear that there are three types of coursework-focused masters programs in marketing in Australia, which is consistent with the literature (Thorne 1997). Specialised programs, which possibly serve as training for a PhD (and would most likely require an undergraduate business degree), have subjects that focus on advanced knowledge and provide the opportunity for research within the area. Conversion degrees where people with a first degree gain an understanding of marketing have broader coverage of areas and possibly have some research opportunities. Accreditation where practitioners without an undergraduate degree, but with work experience, gain an understanding of the discipline by covering a broad range of topics and any research opportunities would most likely be applied in focus.

It is unclear whether Australian institutions actively promote programs to specific types of student cohorts, which will be especially problematic if the messages delivered are not consistent, as might be inferred given that information on web sites and catalogues sometimes differs. Traditional marketing theory would suggest that different structured programs should be designed for different segments, with different needs and objectives. Having mixed groups in a program, intentionally or unintentionally, might result in some (or even all) consumers and even staff being dissatisfied with the outcomes. More research needs to be undertaken to identify whether there are in fact different expectations amongst students, i.e. are they selecting programs because of the different approaches and if so do the institutions deliver these? As such, future research could examine student experiences as well.

Future research should also examine students' perceptions of degrees and differences between them; student satisfaction with these programs in regards to structure and focus; and to evaluate whether the marketing of the programs is consistent with the structure/ objectives of these programs. This additional work will assist in identifying whether individual programs are indeed targeting the correct set of potential students and whether students feel the programs are in fact delivering in regards to their (i.e. student) expectations.

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ARE MARKETING STUDENTS DIFFERENT? A STUDY OF INFORMATION ECONOMICS BELIEFS

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ABSTRACT

This study seeks to expand upon a recent research stream, examining whether students of theoretical and applied microeconomics differ in their views of marketplace buyer and seller behavior. Specifically, the differences in survey responses of three groups of senior undergraduates are compared. Results confirm that students of economics differ from those of marketing and consumer science in their understanding and application of information economics beliefs to the study of consumer and retailer behaviors.

INTRODUCTION

In the information economics literature, there is a growing stream of research suggesting that the beliefs and behaviors of students who study economics is somehow 'different' from those of other students, either through self-selection or training (Frank, Gilovich, and Regan 1993, 1996). There have been comparatively few studies that examine whether the beliefs and behaviors of students of marketing are somehow 'different' from those of students in other disciplines on consumer behavior and seller behavior issues for which the students have had specific formal training. This study seeks to determine whether college seniors majoring in marketing hold different information economic beliefs than other college seniors who have also been taught the microeconomic theories of information economics.

Different educational programs in higher education have adopted different theories of how markets work, how consumers decide to buy and how sellers choose to sell their products, although many of these theories have similar roots. Neoclassical economic theory is associated with the simplifying assumptions of perfect competition, rationally optimizing players (both buyers and sellers), and perfect, costless information for all parties (Hunt and Morgan, 1995). It seems ironic that this theory, which by now has many outspoken detractors (see Dickson 1992, Hunt and Morgan 1995, and Rostain 2000 for examples), is still the primary economic theory to which marketers-in-training (i.e., marketing and economics students) are exposed, as it is routinely taught in marketing and economics courses. "Although perfect competition theory casts marketing activities as 'creators of market imperfections,' because marketing texts themselves present no rival theory, our own students see only perfect competition theory" (Hunt and Morgan, 1995, p. 1). Competition is seen as leading to stable supply-demand equilibrium solutions, a "static equilibrium theory" (Dickson 1992, p. 70). The consumer is viewed as a rational "economic man," assumed to have accurate, costless, complete information, and is further assumed to be capable of evaluating all possible alternatives to determine an optimal outcome, usually based on easily quantifiable monetary goals. Since marketing and economics students are taught the same basic microeconomic theories, one could expect that seniors in these two majors would display similar information economics beliefs.

Students in the field of consumer economics (on some campuses called home economics) often focus on a different aspect of information economics theories. Consumers in this field are presented as having been put on the defensive against overwhelming and destructive "powerful industrial and economic interests" (Baldwin, 1991, p. 48). Researchers have sought to educate consumers on the need for careful search and evaluation. This trend has continued, with many researchers and academicians embracing the importance of education, information gathering, and consumer search for responsible decision making in a variety of consumer economics fields (Smith 1995). In the past decade, there have been major changes in the field, even including the name of one of the largest professional associations; in September 1994 The American Home Economics Association officially changed its name to The American Association of Family and Consumer Sciences. Through these changes, fundamental underlying beliefs about market mechanisms have still been exhibited in varying degrees by different researchers. Such broad goals require a more holistic approach than is common in neoclassical economics (Baldwin 1991). For this reason, it could be expected that seniors majoring in consumer science will hold very different microeconomic beliefs than will marketing or economics seniors.

Carter and Irons (1991) examined the performance of students who had and had not taken college courses in economics, and found that senior economics students behaved more in accordance with the rational or self-interest information economics model than did other students. These authors also found evidence that students favoring such a self-serving idea probably self-selected into the economics major. These findings were supported by later research, indicating that economists are more likely to free-ride and to engage in less cooperative behavior than others (Frank, Gilovich and Regan 1993, 1996). See Shafir and LeBoeuf (2002) for a recent review of the literature on human rationality processes.

Other researchers have reinforced the findings of Carter and Irons, but added that the relationship between self-interested behavior and study of economics is more complex, that additional variables such as gender need to be factored into the question (James, Soroka and Benjafield 2001). Similarly, economics students have been found to be more corrupt than other students, with gender again playing a role in the degree of corruptness (Frank and Schulze 2000).

Conversely, there have been other studies that show that economics students are more honest than students of other majors (Yezer, Goldfarb and Poppen 1996), and that economists are less selfish than other social scientists (Laband and Beil 1999).

In most of these experiments, subjects are classified either as individuals with advanced training in economics, or simply as "non-economists." There are only a few instances where the major area of study of the non-economists has been identified. For example, one set of experiments found that economics students became more dishonest over the course of a semester than did astronomy students (Frank, Gilovich and Regan 1993). Another found that "students who understand basic economic axioms will employ this logic in decision-making processes" (Kroncke and Mixon 1993), whether those students have studied economics or engineering.

Some studies lump economics and business students together, making it unclear if they were treated as being from one population initially, or if there were simply no significant differences between the groups in the experiments. For example, one study found business and economics students to be less cooperative than nursing students (Cadsby and Maynes 1998), while another found them less likely to engage in activities for the public good than students in a variety of other majors (Ewert and Baker 2001).

Research is lacking on where business students stand on most of these issues, and whether marketing students in fact differ from economics students in their understanding or application of microeconomic topics. To address this issue, students in particular courses in the fields of marketing, consumer science, and economics were sampled and questioned about selected consumer behavior and seller behavior beliefs.

METHOD

Three pretests were conducted (1) to test the items that were developed, (2) to ascertain whether two factors of interest (price variability and shopping search behavior) had similar responses, and (3) to assess the fatigue of respondents after completing the questionnaire. The final context, supermarkets, was selected primarily because it has been the traditional home of so many consumer behavior and information economics studies (see Urbany, Dickson and Kalapurakal 1996 for a recent review). In addition, this is a context in which even relatively inexperienced student consumers will have some first-hand experience to draw upon.

In the three pretests, several multi-item scales were developed to examine the students' mastery of basic microeconomic theory, and to explore the students' ability to apply basic microeconomic theory to existing market conditions. A set of fifteen final items was developed concerning the extent to which students agreed or disagreed with information economics statements about prices and shopping behavior in the supermarket shopping context. One compound belief statement of the following format was developed for each of four information economics associative beliefs: "When buyers/sellers believe ..., some outcome is expected," and each piece of the compound belief statement (a component belief which asked respondents to assess the current state of the product market in question) was separately included. For some of the "behavior" belief statements, alternate versions of the belief statement were included for reliability checks. All items were evaluated on a 5-point Likert scale anchored by strongly agree and strongly disagree, with a mid-point of neither agree nor disagree. A subset of these beliefs was measured in a survey administered to 298 grocery shoppers who had the primary responsibility of supermarket purchases for their household. Respondents were asked to agree/disagree with the following beliefs.

In a simple regression all of these belief statements was significantly held by these "experienced shoppers" ($F_{(2,293)}$ = 43.40, R^2 = 0.23). This exploratory result was encouraging in that this sample of experienced shoppers appeared to hold the belief structures consistent with an important information economics proposition. The next step was to see how well these information economics ideas were internalized by students in the three major areas of study.

To identify the upper-level courses in marketing, economics and consumer science that exposed students to the information economics models of interest, discussions with the department chairmen and faculty of each of these departments were conducted, and the syllabi from all suggested courses were examined for course content. From the area of economics, ECON 301 (Intermediate Microeconomics Theory) was selected as a course in which the premises of perfect competition were stressed. Therefore, seniors who had completed this course and were enrolled in economics courses which required ECON 301 as a prerequisite were recruited for this study. Similarly, in consumer science the courses identified as appropriate for this study were CS 477 (Consumer and the Market) and CS 478 (Consumer Information). In marketing, MK 460 (Advanced Marketing Management) was selected as an appropriate course from which to recruit students, as the beliefs of interest were examined in detail in the first few weeks each semester.

Questionnaires were distributed after a brief in-class introduction of the researcher and the study. Participants were told the task required approximately half an hour, and that they would receive a $5 incentive upon returning the completed questionnaire. Each student received a questionnaire packet that included an instruction sheet, incentive receipt and the instrument. All consumer science classes were given in-class time to complete the questionnaire; economics and marketing courses were not. All classes were visited one week after questionnaire distribution for additional questionnaire returns, and debriefing.

FINDINGS

In the upper-level consumer sciences courses sampled, of the 47 questionnaires distributed 45 were returned, resulting in a 96% response rate. Response rates for the upper-level courses in economics and marketing were not as high. One likely reason for the lower response rates is that class time was not given to these students to complete the questionnaire; students were instructed on times and locations when the questionnaire could be returned and the incentive collected. Each of the upper-level economics and marketing classes included in the sample was visited one week after questionnaire distribution, to reinforce the return instructions. Of 67 questionnaires distributed in the upper-level economics courses, 38 questionnaires were returned, a response rate of 57%. In the upper-level marketing courses sampled, of 76 questionnaires distributed, 45 questionnaires were returned, a response rate of 59%.

There were gender differences between the groups of seniors, with more men majoring in economics (76%) and more women majoring in consumer science (62%). Seniors in marketing were more evenly split among gender groups (47% male and 53% female).

The three majors studied – marketing, economics, and consumer science – were chosen because they each required exposure to specific courses that examined basic microeconomic axioms such as, "When demand increases and supply remains the same, prices will increase." In fact, each of these three majors required the same freshman course in microeconomic theory, ECON 101, in which such basic axioms are introduced. To examine the seniors' grasp of such basic microeconomic principles, four such 'true' microeconomics statements and two 'false' statements were included in the survey instrument. There was a significant difference between the groups of seniors on their understanding of basic microeconomic concepts, based on these six items ($p < 0.01$). A simple regression of the students' responses and majors indicated that the economics seniors appeared to have a better grasp of these abstract concepts than did the consumer science or marketing seniors ($p < 0.01$).

To test whether students could apply microeconomics principles to an existing market, the context of supermarket grocery shopping was chosen as one that was familiar to all subjects in the undergraduate sample. To verify that students were familiar with shopping in supermarkets, "How familiar are you with supermarket shopping" was asked, on a scale of 1 (not familiar) to 10 (very familiar), with the results indicating a reasonable amount of self-reported familiarity with the context (mean = 7.72, SD = 1.78). There were no significant differences between groups in students' familiarity with supermarket shopping.

Through the three pretests, fifteen final items were developed concerning the extent to which students agreed or disagreed with information economics statements about prices and shopping behavior. A confirmatory factor analysis identified the two factors of interest, (1) whether prices in retail outlets tend to be similar, and (2) whether consumers shop around for price differences.

Statements were presented as being from either a consumer's perspective or from a retail manager's perspective. It was presumed that marketing seniors, whose department was housed in the School of Business, would respond to questions phrased from the retailer's perspective more favorably than would the other two majors, but no significant differences were found. Indeed, none of the seniors seemed able to think from a manager's perspective; results from all groups were inconsistent, and comments in post-survey debriefing sessions revealed that no seniors of any major considered management's actions relevant to questions about pricing or shopping search. In addition, no significant differences were found between groups concerning consumer search behavior, from either managerial or consumer perspectives. There were also no significant gender differences, perhaps due to the small sample sizes of one gender in some majors.

The only area that had significant differences among the groups was on the issue of whether prices would be expected to vary or be constant across different retailers in a shopping area, from a consumer's perspective. Discriminant analysis showed significant differences between seniors majoring in economics and the other students on all pricing questions ($p < 0.05$). However, there were no differences between the information economics beliefs held by marketing and consumer science seniors in any context.

CONCLUSIONS

Are marketing students different? Apparently not. Marketing seniors differed only from students of economics in their understanding and application of information economics beliefs. It was surprising that these senior marketing students, all less than a week away from graduation when the survey was collected, self-reported an inability to assume the role of fictitious retail managers, and that there were no significant differences between any groups on any of the information economics statements about potential managerial actions. While one could assume that all of the students in the study were individually more familiar with the role of consumer than they were with the role of managers, it was surprising that four years in the School of Business had apparently had no discernable impact on the managerial beliefs of the marketing seniors.

Further, it was surprising that there were no significant differences between marketing and consumer sciences seniors on any beliefs at all, since degrees in these two majors are preparing students for very different roles, with primary responsibility either for the selling end of the relationship (in marketing) or on the consumer side (in consumer science). It was even more surprising that there were significant differences between economics students and the others, at the same time that there were no differences between marketing and consumer science majors. Perhaps the question should not have been "are marketing students different," but should have been "are economics students still different?"

LIMITATIONS

This study confirms earlier findings that students who study economics are somehow different from other students in how they understand or apply microeconomic theories to studies of consumer and seller behavior. The results do not shed additional light on whether economists are born or made, or why students who study marketing or home economics (consumer sciences) are not significantly different in their understanding or use of these information economics ideas. Small samples sizes and weak effects may have limited the strength of the results in this study, and so larger populations should be sought in future research.

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FACULTY EVALUATION OF MARKETING OF RESEARCH STREAMS AND SELF SERVING

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ABSTRACT

Most universities in United States place great emphasis on research for reward and recognition process, and for the development of the discipline (*Boya and Robicheaux, 1992*). Research is considered the most important dimension in universities in United States (*McCullough, Wooten & Ryan, 1981; Burkholder & Stevens, 1987; Burnett, Amason & Cunningham, 1989*). One study indicates that research in certain areas is rated higher than others (*Straughan & Albers-Miller*, 2000). Disparate evaluation of research with respect to research streams may be a cause of disproportionate allocation of resources. Proficient stewardship involves taking pragmatic decisions as to when to curtail an investment and when to increase endowment in a particular area. Hence, proper investment of resources and sovereignty of selection of research streams by the junior faculty members may be important for development of marketing discipline. The concentration of resources and power can lead to impedance in growth in any form of society (*Tornell & Lane*, 1999).

The "publish or perish" standards may lead to greater investment in particular research stream by the faculty members in order to receive more endowment and recognition. Escalation of commitment in particular research streams by senior faculty members creates academic research pursuits for the new faculty, who may pursue them to facilitate attainment of tenure. Escalation of commitment in a particular research stream by the senior faculty members may be aimed at getting more recognition for their research efforts. The escalation of commitment phenomenon refers to an individual's tendency to make an increased commitment to previously chosen course of action, when the individual is particularly responsible for making that decision (*Staw, 1976*). This may lead to concentration of resources in particular research streams. Exhibition of self-serving bias attributions may indicate that senior faculty members engage in self-justification and rationalization of their choice as a result of escalation of commitment in particular research streams. This study investigates the notion of self-serving bias in faculty members. The issues are examined primarily in the context of the marketing discipline. A national web-based survey of marketing faculty was conducted. The results indicate that self-serving bias in the faculty members in almost all research streams, resulting from escalation of commitment.

References Available Upon Request

MARKET ORIENTATION AND ORGANIZATIONAL PERFORMANCE IN MAINLAND CHINA: TEST OF THE MARKET ORIENTATION SCALE (MARKOR)

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ABSTRACT

Past empirical marketing strategy studies conducted in the USA and western European countries concluded a stronger relationship between market orientation and the company performance in cases of technological and market turbulence. The objective of this study is to investigate the reliability and validity of the market orientation construct in a very different socio-economic, cultural and business environment of Asia. Specifically, using MARKOR scale, this study investigates the market orientations of the Chinese business managers who operate in a select number of industries/sectors in urban China. The explanation for this stronger relationship appears to be that the managers operating in more turbulent markets become more sensitive to market changes and developments. It must be pointed out here that a strong growth market such as the Chinese economy shows a high degree of environmental turbulence with respect to fluctuating economic growth, company performance changes, unemployment, and inflation rates. There is also emergence of burgeoning of strong consumer markets particularly along the coastal cities of eastern China.

Previous research has predicted a positive relationship between market orientation and performance on the assumption that a market orientation provides a firm with better understanding of its environment and customers, which ultimately leads to enhanced customer satisfaction. Data for the study was collected in the capital city of Beijing, China in March of 2002. Chinese Manufacturers' Association Beijing area membership list was used as a sampling frame. From this list of companies, 300 companies were randomly selected for the survey. With the help of executive MBA students of one of the universities in Beijing, marketing managers of the selected Chinese companies were contacted by electronic mail where the survey instrument was enclosed as a word attachment file. A total number of 179 usable questionnaires were obtained.

Study results indicated that there were statistically significant differences between marketing-oriented and non-marketing –oriented Chinese managers in terms of their responses to MARKOR statements. As well, higher level of market orientation of Chinese companies operating in Beijing area was discovered. This is rather encouraging since there is a large body of the marketing literature which supports the argument that higher levels of market orientation would lead to a better organizational performance. Managerial and public policy implications of the study are also discussed.

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INSTITUTIONAL, ORGANIZATIONAL, AND STRATEGIC ANTECEDENTS OF FIRM ENTREPRENEURSHIP IN CHINESE TRANSITIONAL ECONOMY

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ABSTRACT

Investigating entrepreneurial firms in transition economies has received great attention worldwide and has become an important literature stream for scholarly research. However, most previous studies lack an integrated framework that conceptualizes multifaceted antecedents of emerging entrepreneurship and the significance of entrepreneurship to business performance.

This study contributes to our understanding of the institutional, organizational and strategic market-oriented determinants for firm entrepreneurship and performance implications in a transition economy. Focusing on the situations in China, we develop an integrative framework which characterizes two institutional factors - ownership and internationalization, two organizational factors – firm size and age, and one strategic market-oriented factor – customer orientation, and relate these factors to firm's entrepreneurship, which then affects business performance. The rationale for this theoretical framework is that appropriate institutional, organizational, and strategic market factors constitute the setting for pursuing entrepreneurial activities, especially in transition economies.

Our findings show that all these factors are significant determinants of the development of firm entrepreneurship in China. The only unsupported expectation is that the SOEs are not less entrepreneurial in orientation than joint ventures. It seems that the implementation of reforms to enforce market-sensitive behavior in the SOEs over the past two decades has had positive results. With increased decision-making autonomy and financial incentives for firm management in this sector, the SOEs have both resources and legitimate advantages to respond to market forces and opportunities as entrepreneurs. On this basis, one may contend that China appears to be making a successful transition from central planning to a more market-oriented economy.

Our findings also confirm the link between entrepreneurship and firm performance, as established in Western economies. This empirical evidence supports that entrepreneurship creates wealth in transition economies by contributing to the growth of entrepreneurial firms. Instead of focusing on networking as the growth strategy among entrepreneurial firms, we emphasized market-oriented entrepreneurial choices (i.e., proactive, risk-taking, and innovative behaviors). Our findings identify the role of market-driven behaviors in shaping organizational performance - behaviors which may be independent of the networking strategy.

In the new economy context, research of this kind has important implications for understanding how a transitional economy is integrating into the global market, changing the business practices underpinning entrepreneurial orientations and competitive market behavior. While this research addresses the Chinese phenomenon, it is directly relevant to the new economy in general in that it examines global trends as related to transitional economies. Home to an estimated 25 percent of the world's population, and the second-largest economy in the world (based on purchasing power) after the United States, China's participation in the new economy cannot be ignored. Its integration will create new challenges to the globalization of markets for goods and services. Through investigating the country's emerging entrepreneurial firms – their antecedents and effects, we are able to determine the marketization process of Chinese firms under market-preserving authoritarianism. Our research suggests that Chinese firms appear to be integrating institutional changes and market-oriented entrepreneurial actions into their frameworks to effect organizational growth.

ICBS IN RUSSIA AND THE UNITED STATES: A PROMISING MEASUREMENT FOR CONSUMER BEHAVIOR?

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ABSTRACT

The question of whether global or national consumers exist has plagued researchers and practitioners for several decades. Levitt (1983) presented the argument for the global consumer in his seminal Harvard Business Review article. He proposed a new commercial reality where global markets for standardized products subsume dissimilarities in national or regional preference. On the opposite side of the continuum, scholars such as Wind (1986) and Samli (1995) believe that understanding national differences guides successful marketing and profitable corporations. Although both views are compelling, corporate victories almost certainly lie somewhere along the continuum rather than at the extremes. Thus, marketers need to understand both the similarities and differences among groups of consumers to ascertain which aspects of the marketing mix to globalize and which to localize. Consumer groups are formed, in part, by cultural similarities (Harasty 1996; Solomon 2002). Therefore, understanding cultures may provide essential knowledge by which marketers can achieve the global/ local mixture.

In the marketing literature, many attempts have been made to investigate culture and the effect of culture on consumption (e.g., Aaker and Schmitt 2001; Samli 1995). To date, no widely accepted method for measuring culture and integrating that measure into a consumer behavior model exists. The purpose of this research is to begin to bridge the knowledge gap by proposing the use of an underutilized tool to measure culture, the International Consumer Behavior Scale (ICBS). The paper suggests applying the ICBS in two distinct national environments (Russian and the United States) in an effort to ascertain potential similarities and differences in consumption based on culture. The process contributes to marketing literature in two ways. First, the study applies a concise measure of culture developed by Samli (1995), which, to the authors' knowledge, has not been previously employed in an empirical setting. Second, this investigation proposes utilizing the tool in Russia, a relatively understudied country within the context of consumer behavior. (For exceptions see (Durvasula 1997; Murgulets et al. 2001.)

The US and Russia are two unique societies known to be historically different in the application of their culture to business, government, and other symbols. These two countries are largely European in their history and cultural characteristics, though the current populations comprise a myriad of people and cultures (Dobrokhotow 1993). Despite the eclectic composition or "melting pots" of the countries, a general view of an "American" or "Russian" meaning to life exists (Ralston et al. 1997).

Based on the ICBS, Samli (1995) suggests an index score be formulated to indicate behavior patterns based on national cultural factor scores. Although no empirical data has yet been published, logic follows that countries with the minimal score (19) should be different from countries with the maximum score (95). Based on this reasoning Samli develops three possible cultural groups that may arise from a low-middle-high score split of respondents.

We propose that the US respondents will be significantly different than their Russian counterparts on all components of the culture scale. Furthermore, given the extensive cultural differences between the two nations (Durvasula 1997; Ralston et al. 1997) we predict the Russian respondents will fall into a different group (as evidenced by significantly higher mean scores on the culture scale items) than the US respondents. Specifically, we offer the following propositions.

P1: The US scores will be significantly lower than the Russian scores on all culture scale items, indicating different consumer groupings.

P2: The US will be significantly different than Russians on summed culture scale.

References available upon requrest.

APPLYING ISSUES MANAGEMENT TO MEET THE CHALLENGES OF CORPORATE BRAND MANAGEMENT - AN EMPIRICAL INVESTIGATION IN EUROPE

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ABSTRACT

Being faced with intense competition, increased media attention and public awareness to ethical corporate action as well as an augmenting number of organized expression of stakeholder opinion, managing the corporate brand requires thorough and concerted efforts. We propose the concept of issues management to meet the critical challenges of corporate brand management which has been defined as "a systematically planned and implemented process of creating and maintaining a favourable reputation of the company with its constituent elements" (van Riel 2001). Issues management is seen as the process by which an organisation "can identify, evaluate, and respond to the social and political issues which may impact significantly upon it" (Wartick & Rude 1986). Although the main goal of issues management is seen in preventing crises to preserve the organisation's reputation, the proactive management of issues can also serve to strengthen reputation. This can be achieved by conveying messages that are relevant and valuable to the stakeholders and simultaneously support the corporate brand positioning from the corporate perspective.

Issues management can support corporate brand management in two ways: Firstly, it allows for the focussed identification of issues that are relevant to an organisation and its stakeholders. It thus helps to achieve the desired corporate brand positioning. Secondly, a well implemented and accepted issues management system supports internal communication and coordination processes which are necessary for effective corporate brand management. Drawing on the model of sense-making in organisations (Weick & Daft 1984) the process of issues management can be divided into three phases: (1) *Scanning*, i.e. the internal and external acquisition of relevant data; (2) *interpreting*, i.e. connoting meaning to the data in the context of the organisation and (3) *learning*, i.e. action taking and feedback processes. We propose that a combination of issues management and corporate branding during these phases serves to strengthen the corporate reputation: In phase one, topics of particular relevance to stakeholders need to be identified. During phase two, corporate brand positioning should serve as a particular criterion for issue-selection, and in the final phase communication controlling supports learning to improve external communication as well as internal coordination processes. Furthermore, issues management as a crosscut function exerts an integrative effect on the internal communication processes which we perceive to be a prerequisite for effective and integrated corporate branding.

We conducted a qualitative study among twelve multinational companies with European headquarters. A qualitative approach was chosen because of the limited amount of knowledge on how the process of issues management is designed within corporations. Furthermore, we aimed to gain deep insight into the internal processes and structures as well as derive best practice cases. In our study we addressed the following research questions: *How is the concept of issues management employed in order to improve internal communication management and coordination processes that ensure the integration of communication efforts? How are issues of particular relevance to the organisation's stakeholders as well as of strategic impact on the organisation's positioning identified to manifest the company's value and strengthen its reputation?*

Analyses show that issues management practice can be classified along two dimensions: 1) corporations employ structures and processes that depend on either information technology ('technology-based') or on social networks ('social-network-based') and that 2) either rely on team or task force ('team-centred') or on the efforts of one or few individuals ('individual-centred'). Best practice could be derived as a combination of a technology- and social-network-based approach relying on a team-centred working style. There is evidence that structures and processes of issues management are greatly dependent on the corporate culture. Secondly, there was only limited evidence for the use of defined criteria based on the corporate brand positioning in order to select issues which aim at a well-directed support of the corporate brand. Further research is planned in order to validate the findings by means of a quantitative research design.

References Available Upon Request

THE WHY OF BUYING NIKE – FINDINGS OF A CAUSAL ANALYTICAL STUDY

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ABSTRACT

The purpose of this paper is twofold. First, the authors developed a structural equation model based on a modification of the theory of reasoned action (TORA) in order to explore the integrated effect of the personal norm, personal values, attitudes and reference groups on brand purchasing behavior. Second, the postulated relationships are empirically tested with help of a survey of 241 adolescent consumers providing data for analysis. Nike and Adidas athletics shoes functioned as the concrete objects of the empirical study, whereby the study focused in particular on explaining brand purchasing behavior as this related to Nike. Hence, Nike serves as the referent brand. In contrast to this, Adidas was used to register the influence of a competing brand on the relevant components of the model.

ANTECEDENTS TO STUDENT PREFERENCE FOR WEB-BASED AND TRADITIONAL CLASSES

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ABSTRACT

Web-based distance learning can generate a higher volume of students at a relatively lower cost in comparison to traditional classroom courses. After the initial start-up costs, Internet classes offer the potential for much larger class sizes and higher fees. It is important for educators to consider learning styles of students in order to facilitate success and encourage retention of students in both traditional classroom settings and web-based courses. Because online distance learning is a relatively new technology, research is lacking in the development of Internet courses that will enhance student performance and retention. This study provides insight for educators regarding learning styles and social orientation of students currently enrolled in web-based courses compared to those in traditional classes.

In this paper, we attempt to identify the type of person most likely to choose web-based classes over traditional classes in order to recommend segments to be targeted by universities offering distance education and in formulating strategies to attract new students. Matching teaching methods to students' learning styles and information processing is important for retaining web learners and enticing them to continue choosing web-based courses. In addition, psychographic profiles are needed to effectively target potential students when marketing these programs.

Surveys were administered to a total of 314 undergraduate students with written surveys given to students enrolled in traditional classroom courses and an online version to students enrolled in an exclusively web-based marketing course. The instrument included measures of five constructs – individual's attitudes towards web-based versus traditional classes, online shopping, time pressure versus time management (Lumpkin and Darden 1982), visual vs. verbal information processing (Childers et al. 1985), and group versus self orientation.

Significant findings from this study suggest students enrolled in web-based classes tend to be group-oriented which is contrary to the authors' hypothesis that students in traditional classes would be more group-oriented. This may be because web-based learning creates a social environment through online correspondence. There was significant evidence (α = .05) to suggest that persons enrolled in web-based classes are more visually oriented than their counterparts in traditional classrooms. Students with preference for, but not necessarily enrolled in, web-based classes tend to be pressured for time, which is consistent with our review of previous research. However, students actually enrolled in an online course tend to have a higher time management orientation, (i.e. they seem to be more organized). This orientation could be influenced by the time management skills and the discipline required by Internet courses that students are not aware of prior to enrolling in web-based classes. In conclusion, this study contributes to the development of psychographic profiles of current and potential web-based distance learners.

A PEDAGOGICALLY-EFFECTIVE USE OF INTERNET-BASED TECHNOLOGIES TO HOST A *VIRTUAL CLASS* SESSION

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ABSTRACT

A distance learning "experiment" was carried out in an evening MBA class with the dual purpose of: 1) ascertaining whether hosting an online class could be a feasible replacement for a traditional session, and 2) comparing the effectiveness of carrying out an asynchronous bulletin board discussion forum in relation to a synchronous, real-time chat. The preliminary feedback from the participants suggests that an online forum should augment traditional classroom learning as opposed to being viewed as a substitute. Moreover, our findings suggest that a bulletin board posting and/or a synchronous real-time chat ought to be considered as a means of further enhancing the student classroom experience. This effort sets the stage for future research to investigate whether differences in learning styles may influence a student's acceptance of online learning forums.

AN EXAMINATION OF SALESPERSON SPECIALIZATION

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ABSTRACT

As salespeople become more specialized with respect to their tasks, accurate automatized scripts and schema may become increasingly beneficial. This article empirically examines the relationships among a salesperson's level of task specificity, automatized selling scripts and schemas, and sales performance. Findings suggest that scripts are most beneficial to specialized salespeople and not related to performance for the Jack of all trades.

INTRODUCTION

Past research suggests that effective salespeople are those with appropriate and richly developed scripts and schema (Szymanski and Churchill 1990; Leigh and McGraw 1989). These salespeople are those who have a high level of declarative knowledge in order to identify and distinguish stimuli relevant to specific selling situations. Likewise, they are those who have a high level of procedural knowledge with elaborate scripts that aid salespeople through selling situations. Thus, when salespeople become more specialized with respect to their tasks, having accurate automatized scripts and schema may become increasingly beneficial. As such, this paper aims to help marketers understand when declarative and procedural knowledge aid salespeople. Sales literature (e.g., Decarlo and Leigh 1996) is incorporated with research on automaticity (e.g., Bargh 1994), and self-efficacy (e.g., Bandura 1986) to construct a theoretical model.

MODEL DEVELOPMENT

One fraework that marketing scholars have found valuable at describing a salesperson's level of learning is Anderson's (1983) theory of cognitive architecture. This framework proposes that knowledge structures are composed of three elements: (1) declarative knowledge, (2) knowledge compilation, and (3) procedural knowledge. Anderson defines procedural knowledge as "knowledge about how to perform various cognitive activities". This third phase of skill acquisition is reached when a task is essentially automatized and can be performed efficiently with little attention (Bargh 1994). This provides insight into the importance of facilitating the development of accurate and efficient mental conceptualizations (Szymanski 1988; Leigh and McGraw 1989); if selling scripts and schemas are followed automatically, they must be accurate to facilitate success.

The value of automatizing basic skills includes the ability to use cognitive resources on other tasks. Thus, salespeople with accessible and accurate selling scripts have cognitive reserves that can be utilized in various ways to enhance productivity. Therefore, the highly accurate and accessible selling scripts may be the tool that allows productive salespeople to specialize and focus efforts in entrepreneurial ways. Furthermore, when salespeople engage in narrower and more task specific sets of behavior, the schemas that are developed may be more elaborate and more easily accessible. Thus, although past research suggests that there is a positive relationship between procedural selling knowledge (i.e., the development of selling scripts) and sales performance these scripts may be particularly beneficial to those who follow a strategy of task specialization.

RESEARCH FINDINGS

Data was collected by mail survey. A multinational copier company provided the mailing list of 2000 randomly selected U.S. and Canadian salespeople. Four hundred and thirty-three useful responses were returned for a response rate of twenty-two percent (22%). Findings from multi-group structural equation models suggest that having higher levels of procedural selling knowledge (i.e., well developed and accessible scripts and schemas) is beneficial (in terms of sales performance) for those following task specialization strategies. Unexpectedly, procedural selling knowledge was not found to be related to performance for "Jack of all trades" type salespeople. Thus, the hypothesis was only partially supported as procedural knowledge was believed to enhance performance for all salespeople while being particularly helpful to those specializing.

CRITICAL EXAMINATION OF SALESFORCE COMMITMENT AND JOB INVOLVEMENT AS CONTRIBUTORS TO ORGANIZATIONAL PERFORMANCE

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ABSTRACT

In this era of customer-orientation and cost savings, the organizational (psychological) climate faced by salespeople in a firm is an area of investigation that can enhance sales performance. This study contributes to the literature by reconsidering the strategic importance of the effect of salesforce commitment and job involvement on organizational performance. Firstly, our model posits the direct and interactive (or perhaps complementary) role of commitment and involvement on organizational performance. More specifically, we are interested in the contingency role of commitment on the performance impact of involvement. Secondly, we question whether all levels of salesforce commitment benefit the organization. Commitment theorists argue that high levels of commitment may result in costs to the organization that exceed its benefits (Gallagher and McLean Parks 2001). This "dark side" of commitment, to the best of our knowledge, has not been tested. We propose direct and moderating relationships between both affective commitment and job involvement versus organizational performance. The direct relationships of affective commitment and job involvement will enhance organizational performance through their positive effects on the value of knowledge-based resources. The moderating relationship of affective commitment and job involvement interacts in a way that, under varying degrees of affective commitment, the relationship between job involvement and organizational performance is likely to vary. Further, we question whether the nature of the relationship between affective commitment and organizational performance is always linear. Using an organizational-level approach, the authors test the proposed model and its hypotheses using a sample of 102 Canadian sales organizations.

Our analyses suggest that the level of salesforce job involvement is positively related to sales volume, profitability, customer satisfaction, and market share. However, a significant but negative relationship between job involvement and sales growth and sales from new customers was unexpected. Interestingly, a high level of affective commitment to the organization is positively related only to market share. We found that job involvement contributed significantly to sales volume, profitability, customer satisfaction, and market share. This finding supports the theoretical argument that organizational performance is affected more by salesforce effort than either their acceptance of organizational values or their desire to remain with the organization. We believe that this is an important finding: job involvement is more important than affective commitment in influencing organizational performance. There is a significant curvilinear relationship between affective commitment and market share that supported a cost-benefit argument. Furthermore, affective commitment and job involvement interact in a way such that, when affective commitment is high, the relationship between job involvement and sales from new customers was positive and significant. As previously discussed, both job involvement and organizational commitment were significantly but negatively related to sales from new customers. All in all, these findings, along with the moderation results, support the argument that salesforce involvement and their commitment to their organization's goals and values should be aligned in order to generate positive organizational outcomes. In contrast, however, when commitment is high, job involvement is negatively related to sales volume, profitability, and market share. These unexpected findings support our alternative view of the dark side of commitment: there might be some high levels of commitment that are no longer beneficial for the organization. Our findings also revealed that the moderating role of affective commitment is not always positive but curvilinear. This finding suggests that at high (low) levels of affective commitment, organizational performance might suffer. A high level of commitment may reflect salespersons' over-institutionalization and might lead to conducting impression management tactics.

By managing the psychological climate, sales managers can demonstrate that they value salespersons' contributions, care about their well-being, and seek to meet their socio-emotional needs (Eisenberger et al. 1986). In return, salespeople are likely to respond to their organization's efforts by increasing their commitment to the organization and engaging in behaviors that support the organization's goals and objectives (Wayne et al. 1997). The managerial challenge is how to improve salesforce commitment to the organization and increase their involvement in their tasks.

PERSONALITY-TASK INTERDEPENDENCE INTERACTION IN PREDICTING SALESPEOPLE'S ORGANIZATIONAL CITIZENSHIP BEHAVIOR

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INTRODUCTION

Organizational Citizenship Behavior (OCB) has become recognized as an important factor in effective sales performance. OCB is defined as worker behavior that is discretionary and that promotes the organization's interests (e.g., voluntarily helping others, actively participating in meetings etc.). Personality traits such as conscientiousness can be important predictors of OCB, and there is some evidence that personality interacts with situational factors. For example, in comparing jobs with and without promotion opportunities, it has been shown that ambition positively predicts OCB in jobs where the OCB can lead to promotions, but conscientiousness predicts OCB in jobs without promotion opportunities. We reasoned that the same kind of finding would hold for a different situational variable, task interdependence. When interdependence is high, ambitious people will be motivated to engage in OCB because it will indirectly benefit them, while conscientious people will be more motivated in less interdependent situations.

METHOD

Participants included 105 salespeople from a variety of organizations and industries including financial services, manufacturing, and retail. All measures were self-reported by the salespeople using anonymous mailed surveys. Ambition and Conscientiousness were measured with the Hogan Personality Inventory Short Form. We used a 20-item OCB measure based on existing instruments and a 10-item task interdependence scale. Our response rate was 22%.

RESULTS/DISCUSSION

We tested our hypotheses using moderated multiple regression with OCB score as the outcome variable. The first regression analysis included ambition, task interdependence, and their product term as predictors; the second regression analysis paralleled the first but with conscientiousness substituted for ambition.

Results provided some support for the ambition-task interdependence interaction: the regression weight for the product term approached the .05 level of significance (p = .059) with R^2 = .14. This result was fairly supportive of our hypothesis. The second regression showed no support for the predicted conscientiousness- task interdependence interaction.

The main practical implication is that organizations should consider organizing salespeople into interdependent teams in order to promote OCB. Theoretically, our results provide further support for the idea that personality interacts with situations in determining OCB.

References Available on Request

THE IRISH CONSUMER CURRENT SENTIMENTS TOWARD MARKETING

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ABSTRACT

This investigation is the first to examine Irish consumer attitudes towards marketing and, in addition to the categories examined in the original Gaski and Etzel study of consumer sentiment, it investigates attitudes towards "Buying Irish."

The principal objective of this study is to establish an indicator of consumer sentiment toward marketing in Ireland that will serve as a benchmark for a continuing longitudinal study. To accomplish this, the core part of the instruments that measured multiple facets of five major aspects of marketing: retailing, products, prices, customer service, and advertising were purified such that the measures of each marketing sector could be argued to be both reliable and valid. The cleansed measures for each sector of marketing were averaged into a single index and then importance-weighted. The five importance weighted constructs were then added to arrive at a single index value for consumer sentiment toward marketing in Ireland. In addition, other measures of consumer sentiment will be reported as mean values in rank order to complete the "snapshot" of the current state of consumer sentiment in Ireland.

Overall, a valuable set of benchmarks of consumer sentiment was established for future use. The so-called "footprint" of the Irish consumers' sentiment toward marketing has been established at very important time as the surging Irish economy becomes a major force within the European Union while at the same time being a major link in commerce between Europe and the Americas.

Examination of the relative importance of the measures reported in this research can been used to establish the goals for improvement in marketing performance that will result in an improvement in the consumer sentiment index in the future, but more importantly, provide an enhanced marketing environment for the Irish consumer. Specifically, the study suggests that consumers are being over served on market factors that they do not consider important and underserved on factors that they feel are important. In order to satisfy better the desires of their Irish consumers, marketers need to focus on the following issues:

- Product Quality: Consumers must be persuaded of the quality and reliability of products offered in today's marketplace and marketspace. It appears that consumers nostalgically remember halcyon days when products were well made by companies who cared how their products performed. Marketers must convince them that this is still the case.
- Price Related Issues: At the time the research was conducted, Irish consumers were unhappy with the prices paid for goods purchased. In general, goods were seen as over priced and businesses were viewed as taking an excessive profit. These concerns have, if anything increased over time, and the advent of the single European currency (the Euro) in January of 2002 has exacerbated concerns that consumers are being "ripped off".
- Retailing Issues: In general, Irish consumers seem satisfied with their retail experiences and the highest mean of all of those items loading on the various scales was agreement with the statement that "most of my shopping experiences are pleasant because of the way I am treated in stores". Clearly, Irish marketers need to ensure that this level of satisfaction remains. As an additional consideration, stores should indicate the overall value of Irish purchases on till receipts - a practice already followed by many of the big grocery players.
- Advertising: Finally, while advertising concerns did not rank highly with our consumers, marketers need to continue to monitor their performance here in order to ensure this does not change.

CONSUMERS' NEED FOR LUXURY: SCALE DEVELOPMENT AND CROSS-NATIONAL VALIDATION BETWEEN AUSTRALIA AND USA

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In consumer behavior research, a growing amount of attention has been given to the construct of luxury. But what distinguishes among brands that are high versus low on luxury? Previous work undertaken in the measurement of the concept of luxury offers evidence of multiple constructs in defining the concept. We develop and validate a single multi-dimensional framework of brand luxury including five constructs, i.e., conspicuousness, uniqueness, perfectionism, extended self, and hedonism. To measure these five dimensions, a reliable, valid, and generalizable measurement scale is developed. This study deals with the antecedents of luxury-seeking consumer behavior in a cross-national context between Australia and the USA. The presentation of empirical work is followed by a discussion of how consumers' need for luxury brand could be used to improve understanding of consumer behavior and how it varies across cultures. In addition, we discuss managerial implications on how to create and monitor luxury brands.

CONSEQUENCES OF IMPULSE BUYING CROSS-CULTURALLY: OR WHAT WILL MY FRIENDS THINK IF I BUY THAT?

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ABSTRACT

This study examines impulse buying from a cross cultural perspective using in-depth interviews. The purpose was to explore how the normative judgements of others and the consequences of impulse buying impacted buying behavior. The results indicate that respondents differed in the value placed on the normative judgements of close peers.

INTRODUCTION

The rapid growth of international business requires that marketers cultivate an appreciation of cultural differences among international markets and the influence these differences have on consumer behavior. However, much of the research done in this area focuses on American consumers while little is known about the impulse buying habits of other non-western cultures. The fundamental purpose of cross-cultural consumer research is to test whether the consumer theories and concepts that are developed in one culture are also valid in and applicable to other cultures. Hence, there are a number of questions that need to be addressed. One, what types of individual differences influence impulsive buying behavior and its consequences? Two, are there any differences between the American and Korean cultures? Three, are there any differences in the normative evaluation process of impulse buying behavior between American and Korean consumers? Four, what kinds of normative evaluations will influence impulsive buying and how? Five, are there any differences between American and Korean consumers?

RESEARCH OBJECTIVES

The purpose of this study was to conduct cross-cultural research on how normative evaluations impact impulsive buying behavior and its possible consequences. Our study consisted of unstructured, in-depth interviews with Koreans and Americans. We choose this interview method in order to facilitate respondents' ability to be reflective and open in expressing their feelings and emotions without self-censure or inhibition due to how others may perceive them. Our focus was to discover how peers' normative evaluations impacted one's impulse buying behavior and its perceived consequences. We set out to uncover the full range of normative evaluations and consequences considered during the impulse buying process and to compare how these evaluations and consequences differed according to culture. In addition, we were interested in determining if normative evaluations played a greater role in regulating consumer behavior in collectivist based cultures.

References available upon request

IDENTITY AND CONSUMPTION OF SCOTTISH MIGRANTS RESIDING IN ENGLAND: A TALE OF TWO HALVES?

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ABSTRACT

Ethnicity and identity have recently become increasingly important as research begins to establish the extent to which culture is passed from generation to generation. Existing papers on ethnicity tend to focus on the largest of ethnic groups. This paper considers a smaller, yet significant ethnic group and proposes how their consumption patterns will be measured. Previously consumption patterns have been reviewed with a generic mass in mind, the authors purpose that the enhancement of marketing campaigns, the delivery of added value service can only take place if the less obvious, less publicised, less media orientated segments are also analysed.

INTRODUCTION

Ethnicity and Identity

How significant is the role of identity when considering individual's ethnic cultural orientation and to what extent does this impact on consumption? Rex (1996) argues that it is important to distinguish between two uses of identity. The first relates to the ways in which individuals are guided by cultural norms; perceive social entities and their own place within a given society. A second use of the term is more emotive, involving a sense of identification or association. This term can, however be further distinguished, as Laroche et al (1992) have, between subjective and objective measures of ethnicity and identity. Subjective measures conceptualise ethnicity as a matter of personal belief and reflect an individual's psychological identity about their cultural attributes.

On the other hand objective measures of ethnicity include socio-cultural features such as religion, language and cultural tradition. To some extent it seems likely that the two are embedded in some way together. A theme here is the juxtaposition of individual feelings and emotions as related to common themes of cultural identity running through different ethnic groups, i.e. the individual's response to their cultural situation.

It would appear that the objective measures of ethnicity might not apply to Scottish migrants. After all, Scotland and England have a shared social history. Religious and cultural beliefs may be seen as extremely similar if not the same. Language is understood, although regional dialects may enhance a sense of exclusion for migrants. However, considering subjective measures, Scottish ethnicity may be derived from a sense of national identity and the extent to which Scottish migrants perceive they are different from those they choose to live amongst. The impact of consumption patterns as a result of this perceived difference, if indeed it exists, has yet to be fully explored.

In a discussion of the relationship between ethnicity and identity we need to consider their likely role in the relationship between first/second generation immigrants and their localization. Additionally the relevance and receptiveness of this group to global marketing strategies will be dependant on factors beyond their cultural orientation, for example the consumers' financial situation, opinion leaders' influence, and personal preferences.

CONSUMPTION

From a consumption perspective, the concept of culture incorporates two expressions of culture: physical culture, the material objects and artifacts created by mankind, and subjective culture, the subjective psycho-social responses of a man to experience. The former can be viewed as the physical manifestation of cultural meaning (Belk, 1987; Hirschman, 1988: Holbrook, 1989) while the latter refers to the corporate cognitive system with which a society interprets experience and imputes meaning to objects (McCracken, 1988). Both expressions of culture are important factors to individual ethnicity and identity in consumption terms. The authors building on the work of (Dussart, 1993) accept the notion of culture and identity as passed from generation to generation.

THE RELEVANCE OF ACCULTURATION

Consideration of the concept of acculturation plays an important part in this research. Degrees of acculturation vary from generation to generation with second and subsequent generations clearly developing new loyalties and becoming more assimilated than first-generation immigrants (Bhopal 1998). Whilst Scottish migrants may have only slight differences to accept in their host country, acculturation levels are an important factor in understanding the first generations' willingness to accept the host country's values and treat it as their home. Several studies (Metha and Belk, 1991; Penaloza's 1994), have already been developed with the explicit purpose of understanding and conceptualizing the acculturation process that many immigrants have to accommodate. However, the focus of previous studies has been on ethnic groups where levels of acculturation would be much greater as a result of religious, language and social differences.

Previous work on larger ethnic groups (Metha and Belk's 1991) has shown even second generation immigrants that are born in the U.K are still integrating into the dominant culture rather than actually being a true part of it. These descendants of immigrants while native born are in reality only partially integrated into the host country's culture. Is this true of English children born of Scottish parents?

IDENITITY AND MARKERS OF IDENTITY

Whilst considerable expert literature has grown on Scottish national identity [See McCrone 1994, 1998; McCrone, Stewart, Kiely & Bechhofer, 1998 and McCrone & Kiely 2000.], attributable in part to Scottish devolution, studies of the migration of Scottish people are also evident (MacLeod, 1996; Jones, 1999 & Jamieson, 2000). This work tends to illustrate the impact of migration on the towns from which those migrating leave. The effect on the "leavers" is less apparent and the extent to which they define their ethnicity and identity in their host countries has yet to be fully explored. As ethnic minorities in their host country, to what extent do they integrate? For people who are born and raised in Scotland but leave for work, personal or financial reasons, to what extent does identity and ethnicity become increasingly or decreasingly important? Scottish identity has been described as an "[O]ld insurance policy. You know you've got one somewhere, but often you're not entirely sure where it is" (McIlvanney, 1999). Yet, it may be that identity becomes more important in a situation where an immigrant is dependent on their cultural values and national identity and may in turn reflect this in the use of ethnic identification – objectively or subjectively.

Belk (1974) defines a "situation" as something outside the basic tendencies and characteristics of the individual and beyond the characteristics of the stimulus object to be acted upon. He identifies five objective dimensions of situations (1975a). The antecedent state (momentary moods or conditions immediately preceding choice) and social situation (the presence or absence of others) are most relevant to situational ethnicity and will de discussed further in the context of this paper.

Authors (McCrone, 1998; McCrone & Keily, 2000; Keily et al, 2001) have supported the view that nationality *in* Scotland refers to a "a sense of place" rather than a "sense of tribe". Indeed, Saeed et al (1999), demonstrated that a hybrid identity is recognized by the largest ethnic minority group in Scotland (Scottish Pakistanis/Scottish Muslims). However, for Scottish migrants living in England, would a hybrid identity be acknowledged? And how, if at all, would this affect consumption patterns? How would Scottish migrants self categorise their identity?

CULTURAL MEANING OF CONSUMER GOODS

If these first/second generation immigrants are living between two cultures, what is the meaning of their purchases? To what extent are the marketers facing decisions as to whether adapt or standardize their marketing plans? This will be more problematic if the cultural outcomes of understanding first/second generation consumers do not lead to clearly defined categorizations. As the cultural differences (religion, history, language) vary only slightly for Scottish migrants choosing England as a host country, it may be more difficult to categorize or understand the meaning of their purchase. Indeed, before we assume neat categorization of such consumers it is worth returning to a deeper analysis of meaning and its circulation with regard to both culture and consumption. Can we as marketers really purport to undertake and deliver a value-centric orientation when we might blatantly ignore this once minority (now arguably) the majority in some areas.

METHODOLOGY

To establish consumption patterns based on Scottish ethnicity & level of assimilation or integration, it is necessary to identify the extent to which, respondents consider themselves to be Scottish. A number of methodological approaches have already been used in both qualitative research (Kiely et al, 2001) and quantitative studies (Rutland and Cinnirella, 2000) to consider the task of national identity construction and context effects on Scottish national and European self categorization respectively. A combination of these methods are being used during twelve exploratory in-depth interviews with Scottish migrants to England.

The interviews are using questions that were developed, incorporating seven social identity measures used by Cinnirella (1997) and Cinnirella & Rutland (2000), which are broadly comparable to previous studies on social identity [See Hoggs & Abrams, 1988]. Further to this, the interviews reflect the typology of markers as (fixed and fluid) suggested by Keily et al (2001). These illustrate the categorisation of an individual's identity by themselves and others. Fixed markers, easily accessible to others, include accent, physical appearance and name, with place of birth, ancestry and place of upbringing or education being less accessible to others. Fluid markers include length of residence.

Having identified self-categorization and perceived ethnicity, consumption can be established using the following matrix. The matrix detailed below can be used as a way of segmenting consumers, and by the exploration of issues such as perceived national identity, assimilation, integration, length of residency and situational consumption.

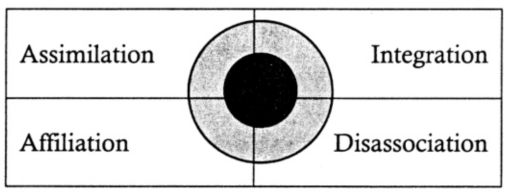

Figure 1.1 Consumption Matrix

Even within these segments, however, it is recognised that there will be different degrees or levels of use of ethnicity and that use of ethnicity may vary depending on situational variables. Red denotes the "core" segments that will consistently support the view that a sense of national identity will be used to disassociate the individual with the host country - with consumption patterns reflecting this. Orange denotes a weakening of this disassociation, with consumption habits not necessarily demonstrating identity as a significant factor.

ANALYSIS OF RESULTS

The results of the in-depth exploratory interviews are being analysed using the Ritchie and Spencer Framework (1994). This method depended on the manual coding, charting and mapping of the data. *Framework* comprises of five stages, including familiarisation, identifying a thematic framework, indexing, charting and mapping and interpretation. At this final stage, the key characteristics will be drawn together to interpret the overall data. The epistemological position of this research will stay broadly within the interpretive camp. The assumption being that the interpretive camp is seeking understanding. This involves identifying both individual and shared meanings.

Preliminary Analysis

Two interviews have been conducted with one male and one female first generation immigrants. Both are easily identifiable as Scottish by their accents and the male by his appearance. These interviewees have been resident in England for a number of years. Full results of current research undertaken is available on request. Initial research has found that geographical location of residency, family ties in Scotland and age influence consumer behaviour and affiliation levels.

FURTHER RESEARCH

Having identified the extent to which ethnicity is relevant to the consumption patterns of Scottish migrants, it may be interesting to consider the way in which Scottish migrants "use" their ethnicity. Rutland & Cinnirella (2000) raise salient issues regarding self-categorisation and the extent to which it is fluid, context dependent and consistently relative to the comparative context.

CONCLUSION

This paper has provided a detailed literature review, which explored self-categorisation theory, ethnicity, cultural affiliation and also how people perceive themselves and how consumption patterns are then influenced. The study has helped to highlight a number of themes, which may be a feature of the interviews that are still to be conducted.

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THE EFFECT OF CHOICE AND REWARDS ON CUSTOMERS' EMOTIONS

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ABSTRACT

As more and more industries are facing markets with low growth and high competition (e.g., automotives, telecommunication services, farm machinery, radio), the so-called "defensive strategy" (retaining customers) becomes vital (Fornell and Wernerfelt 1987). A common business practice now is to compensate dissatisfied customers with "rewards" (e.g., money back, free meals, free stays at hotels). However, other ways to keep customers happy have been neglected and little research has been done in this important area. Therefore, the purpose of the current study was to examine two factors, choice and rewards, that affect customers' reactions to mistakes companies make.

Five hypotheses were tested. When customers encounter an unpleasant consumption event:

> **H_1**: Providing them with alternative solutions will result in more positive emotional states than providing with no alternative solutions.
>
> **H_2**: Those who perceived more control will be in a more positive emotional state than those who do not perceive as much control.
>
> **H_3**: Providing alternative solutions to the problem will increase perceived control.
>
> **H_4**: Giving customers rewards will result in more positive emotions.
>
> **H_5**: Offering customers choice between different solutions will increase their perceived control, which in turn, makes them feel more positive.

A 2 x 2 factorial experimental design was conducted to test the effects of rewards and choice on customers' emotions. The mediating effect of perceived control on the relationship between customer choice and customer emotions was also tested. Participants were students in a large Midwest University (n = 164), who were randomly assigned to experimental conditions. They were told that the purpose of the study was to examine human reactions to daily social situations and were asked to read a scenario depicting a mistake made by a company. After reading the scenario, they completed a questionnaire concerning their perception of the reward, perceived choice, perceived control, and their emotions.

Reward was operationalized as giving a complimentary gift to compensate for mistakes that companies make (e.g., a token payment). Choice was operationalized as providing the customers with the option to choose among alternative solutions to the problem. Perceived choice was measured using a modified version of Bateson and Hui's (1991) choice scale (a 3-item seven point Likert scale, α=0.86). Perceived control was measured by two 7-point Likert-scale items (α = 0.64). Emotions were measured using a four-item, summated 7-point semantic differential scale (α = 0.92) (Mehrabian and Russell, 1974).

The hypotheses were tested by LISREL analyses. H_2-H_5 were supported while H_1 was not. The results showed that customers who felt they had more choice perceived more control, which in turn, made them feel more positive about the unpleasant experience. Rewards also contributed to more positive feelings.

References available upon request

DIMENSIONS OF BRAND ATTITUDE AND THEIR EFFECT ON PURCHASE INTENTION

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ABSTRACT

We developed a model which depicts the dimensions of brand attitude. Based on different brand associations and corredsponding motivational evaluations, functional, expressive and relational dimensions of brand attitude are considered as relevant to purchasing decisions. Accordingly, functional congruence, actual and ideal self-congruence and brand relationship quality are identified as the attitudinal constructs determining the purchase intention. Following a causal model is derived, which not only depicts the influence of the dimensions of brand attitude and their interrelations but their antecedents. The model is empirically tested with regard to automobile brands. One one hand, the findings provide a deeper insight into the structure of brand attitudes, on the other hand they enable practitioners to develop sustainable brand strategies and create lasting brand preferences.

THE ROLE OF INTERNATIONAL ECONOMIC DEVELOPMENT IN THE USE OF INTEGRATED MARKETING COMMUNICATIONS

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ABSTRACT

This manuscript develops a classification framework based on McCarthy (1960) and Rostow (1990). Using this new classification scheme, international firms can adjust their Integrated Marketing Communications in order to match the basic or promotion marketing mix needs of consumers based upon the stage of each country's development.

INTRODUCTION

International marketing can be defined as "the performance, in more than one nation, of business activities that direct the flow of a company's goods and services to consumers or users for a profit" (Cateora 1987, p 8). Given this context, international marketing behaviors could be defined as the actions of firms directed toward consumers, in more than one market, to deliver goods and services to them at a profit. The international marketer, however, faces some interesting analytical challenges. For instance, marketers face a great deal of uncertainty when attempting to deal with the competitive environment. Although firms can control a number of variables such as product, price, place, and promotion (McCarthy, 1960), they cannot control the underlying domestic and international environments in which they must operate. Uncertainties can stem from political and legal forces, economic forces, competitive forces, the underlying level of technology, the given structure of the distribution system, the geography and infrastructure, and cultural forces, some of which might be diametrically different than the forces within their own markets (Cateora 1987).

What is greatly needed by international marketers is a classification scheme that could relate the variables under their control (the 4 P's) to the underlying market structures and institutions. The economic structures of nations, after all, bear a relation to the stage of economic development they are currently in (Heilbroner 1985). Since each of the uncontrollable factors is based on the historical, economic, social, and cultural developments in each country, international marketers should use a historical model for economic development. The purpose of this paper, therefore, is to address some of the issues mentioned above with respect to integrated marketing communications (IMC) and define under which economic conditions coordination of the various promotional elements will most likely be effective. In order to better understand international marketing behaviors, the author plans to incorporate van Waterschoot and Van den Bulte's (1992) extension of McCarthy's (1960) 4P marketing mix classification system with the historical development model of Rostow (1990), and the marketing institution analyses of Cateora (1987) into an understandable framework.

Framework for Understanding International Marketing Behavior:

The first step in building the framework will be to discuss marketing and its role in economic development. A number of articles have already examined the role of marketing in economic development, some early works include Drucker (1958) and Rostow (1960). Later works include (Mentzer and Samli 1981; Darian 1985; Kaynak and Hudanah 1987; and Sherry 1989).

Marketing is the process through which an economy is integrated into a society to provide for the needs of its citizens. Marketing taps into the "latent" economic energy of the society by developing new entrepreneurs. This is not to say that marketing is equally spread throughout the world. In fact, in many underdeveloped countries marketing is the least developed part of their economy. Without marketing though, these countries are stunted by their inability to facilitate exchanges among buyers and sellers. Therefore, they frequently fail to make effective use of what few resources they possess and they do not develop economically (Drucker 1958). Countries that encourage even limited marketing activities can improve their economic development. Economic development occurs when economic growth leads to structural modernization and a sustained improvement of a populace's standard of living, where economic growth is defined as the growth in income for a given area or nation. Economic growth can be influenced by traditions, customs, religions, and political factors, as well as, purely economic elements (e.g. countries with longer histories of political independence typically have higher growth rates than other countries) (Harrison 2000; Thomas 1990). Economic growth can affect societal decisions also. Market demand, risk taking, technology, and entrepreneurship can interact with a nation's history, culture, and political process in defined ways. This forms the basis from which Rostow's (1990) stages of growth can be defined (see Exhibit #1).

These stages are traditional society, transitional society, take-off, drive to maturity, and high mass consumption. A traditional society, like the Aborigines of Australia, possesses limited production abilities and have to devote a very high proportion of their time to agriculture or hunting/gathering. Family and clan connections play a large role in their social organization, while their value system is a type of long run fatalism. That is, they feel that their grandchildren will do just about as well as their grandparents did. On the other end of the spectrum are mature societies, such as the U.S. and other leading Western democracies, that possess extensive production capabilities and have excess capital with which to pursue leisure. Family connections are greatly reduced because individual initiative is rewarded. Each generation believes that it will do "better" than the previous generation. These value systems are an important element in how people classify themselves (Hall 1976; Hofstede 1980). In fact, all societies can be classified somewhere on this continuum. And, as nations mature, each should move from being a traditional society, through each successive stage, into a mass consumption society, such as the U.S. (Hill 2000).

A number of studies have confirmed the stages in Rostow's (1990) classification (Freedman, 1970; Wells, 1977; and Das and Rao, 1991). Lesser-developed countries have indeed developed into mature markets by going through a set of defined stages. On the other hand, Taylor and Omura (1994) claim that this is a weak paradigm to use. Although it does very well at explaining the behavioral aspects of development, such as innovations and the roles of entrepreneurs, it fails on a number of other dimensions. First, it is ahistorical since it assumes that a country can only be classified into one stage at a time. Second, it ignores many of the non-economic factors of development. In addition, it has a strong Western bias because it assumes that every society will, or even wants to, pass through the same stages as the mature Western societies have passed through. Plus, there might be other ways for traditional societies to develop into mature ones than the stages Rostow proposes. Finally, it doesn't incorporate enough political or religious factors.

However, these criticisms might be a little strong considering 1) Rostow (1990) recognized that some parts of a society grow faster than others (leading sectors), but the society overall can still be primarily described with one stage. 2) Since it is a general model of the stages that nations pass through, it can not incorporate every variable that might influence a nation. Each stage represents the general trends a society passes through. 3) Rostow (1990) has a strong Western bias, but considering the influence that Western societies have on the rest of the world this may be an appropriate approach to describe the stages through which developing nations pass. And 4) traditional societies <u>might</u> develop along different stages, but none of them have as yet done so. Therefore, the classification scheme holds.

Cateora (1987) extends the earlier works of Rostow, and examined how the level of the marketing function roughly parallels Rostow's (1990) stages of economic development. He observed that the more developed the economy, the greater the variety of marketing functions demanded, and the more sophisticated the marketing strategies and institutions become to provide the marketing functions (see Exhibit # 1). Because of the greater sophistication in developed markets, a marketer cannot simply superimpose an integrated marketing communications program that works in a mature market over a market in a developing country (Hill 1984). One of the most difficult challenges international marketers face when they analyze the stages of economic development is the coexistence of modern and traditional sectors within the same economy (economic dualism) (Hill and Still 1984). Similar to the discussion of Taylor and Omura (1994), the marketing structures within many developing countries have elements that are simultaneously at many stages of development. Because of this, countries do not follow a neat, orderly progression through each successive stage of growth. Market development is simply too dynamic (Cateora 1987).

Because of the diverse marketing structures in developing countries, Cateora (1987) would have categorized many of the countries described in the first three stages of Rostow (1990) into a more general category of "developing countries" (see Exhibit #1). Generally speaking, the marketing institutions in developing countries are either missing or are not that well developed (Cateora 1987).

The primary question then becomes, "why is marketing so often neglected in developing countries?" First, their productivity is often so low that improving production seems more practical than improving marketing. Second, culturally speaking, many view marketing as a wasteful activity (when one can sell all that one can make, does it pay to advertise?). Plus, the cultural rigidity of the distributions systems can be a difficult obstacle to overcome (e.g. Japan). Finally, the marketing skills developed in one market are difficult to transfer to another (Kotler 1985). To some extent, one has to "reinvent the wheel" every time a firm enters a new market (Cateora 1987). To overcome these difficulties, international marketers need a strong classification system of the variables that are under their control so that they can know when it is appropriate to pursue certain marketing strategies.

McCarthy's (1960) 4 P taxonomy is probably one the most popular means to categorize the marketing mix because of its easy-to-remember statement of basic principles [Product, Price, Place, and Promotion (advertising, sales promotions, personal selling, and publicity)]. It has also become the "received view" among many marketing scholars (van Waterschoot and Van den Bulte 1992). Incorporating McCarthy's (1960) 4 P taxonomy in his research on Peruvian retailers, Arellano (1994) found that most of the successful informal (underground) retailers pursued strategies of low prices, high mobility (place and product flexibility), and efficient use of resources. In the data collection, he based the search for key behaviors around the 4 P classification scheme.

There are, however, some flaws to the 4 P taxonomy according to van Waterschoot and Van den Bulte (1992). First, the properties that are the basis for classification have not been identified. Are the 4 P's *activities* pursued by marketers or are they *objects* to be manipulated? Second, the categories are not mutually exclusive in the context of integrated marketing communications. Promotions such as coupons, shelf-space allowances, and quantity discounts all affect the other components. Coupons, for instance, could be categorized as sales promotions or advertising (if printed in magazines) in the Promotion category. However they can also be categorized as Price (if there is a constant flood of coupons, might not consumers readjust their perceptual price points?). Shelf-space allowances are promotions but also contribute to establishing distribution channels. Quantity discounts are promotions, but also reduce prices. Basically, the Promotions category is too much of a broad catch-all category for decision-making considering how important it has become in mass consumer markets (Schultz, 1987; Strang, 1976).

To categorize marketing behaviors, one needs to differentiate between the functions of marketing and the specific tools used or activities performed in achieving those functions. Functions are the intermediate ends in a marketing system. Basically, goods and services need to be delivered to buyers at set prices in most societies. There is consensus that marketing functions are generic and these functions must be met for exchange to occur (McGarry, 1950; Lewis and Erickson, 1969). The activities of the marketing function are the means by which these functions are fulfilled.

As already discussed, sales promotions can be tied to all of the 4 P's. Sales promotions should therefore be incorporated into the classification scheme of marketing behaviors as a separate construct. To do this the marketing mix can be classified into the basic functions that are applied to all exchanges and sales promotion activities that have temporary effects and are used only occasionally.

The behaviors for basic marketing functions are defined as *Product* (configuration of something valued by the potential exchange party), *Price* (determination of the compensation and sacrifices to be brought by the prospective exchange party), *Distribution* (placing the offer at the disposal of the prospective exchange party), and *Communication* (bringing the offer to the attention of the prospective exchange party and influencing feelings and preferences toward it). *Communication* has three components: mass communication (directly targeted at wide audiences), personal communication (directly targeted at a narrow audience), and publicity (indirectly targeted at a wide audience). These four constructs form the basic marketing functions that are performed for all of the activities that marketing is involved with (van Waterschoot and Van den Bulte 1992) (See Exhibit #2).

The promotional mix, on the other hand, is formed by a supplementary group of instruments that can be used to support the basic marketing functions. These are temporary and are used as tactical adaptations to the external circumstances to stimulate immediate, overt behavior (van Waterschoot and Van den Bulte 1992) (See Exhibit #2).

Because this method of classification is "cleaner," one can better define international marketing behaviors into meaningful categories. Are the behaviors being pursued to satisfy the basic marketing functions or to just temporarily change consumer behaviors? Using this categorization scheme, one can determine and judge the marketing behaviors on their objectives, interactions, and restrictions (van Waterschoot and Van den Bulte 1992).

Using the new classification scheme in Exhibit #1, what international marketing activities are likely to be pursued during each stage of the country's economic development? During the traditional society stage of Rostow (1990), the few exchanges that occur do not usually do so in the context of a firm. If marketing does occur, it happens at a very basic level on a small scale, with no mass communication or publicity taking place.

During the second stage, most of the basic marketing functions are likely to be used by newly industrialized countries (pricing systems, rudimentary distribution channels, some product specialization, and personal communications). However, basic mass communication and basic publicity are not likely to be used due to a lack of marketing information and a wide range of consumer sophistication (Hill 1984). Because of limited production abilities, most of the markets are likely to be seller's markets, particularly for durable goods. There are few incentives for the small merchants in seller's markets to attempt to motivate overt customer behavior to buy now, when all they have to do is place it for sale and it will sell (Sharma and Dominguez 1992).

During the third stage (Take-off), one begins to see all of the basic marketing mix elements being pursued. If the first three stages can represent the various undeveloped countries (Cateora 1987), then firms wishing to market their products in these countries will find that only the basic marketing functions need to be satisfied.

During the fourth stage (Drive to Maturity), however, the marketing activities progress beyond the basic marketing functions. Consumers begin to develop disposable income with which they can shop. It, therefore, becomes more important for merchants to compete for those resources against the new large-scale retailers. The large-scale merchants need greater sales volumes in order to succeed, and to achieve the greater sales volume mass communication and temporary sales incentives may be used.

During the fifth stage (High Mass Consumption), marketers must use a wide variety of tactics to increase sales, so all of the varieties of Promotion Marketing Mix are pursued. The use of Promotion Mix items is probably the biggest distinction between under-developed and mature countries (van Waterschoot and Van den Bulte 1992).

CONCLUSION

Before international marketers choose to enter a new market they should first establish which stage of economic development the country can be placed in. Based upon this categorization, marketers can predict which promotional activities are likely to be successfully pursued. Perhaps the reason that so many marketing plans established in mature countries do not transfer well to countries in earlier stages of economic development is because these plans are too heavily constructed of Promotion Mix activities. Hence, these plans are inappropriate for that market's basic needs. On the other hand, marketing plans developed in under-developed countries seem more likely to transfer completely to developed countries because they will at least satisfy the basic marketing mix functions.

If the categorization scheme developed here holds true, what might it mean for marketers utilizing integrated marketing communications? In developed countries, such as the U.S., a large variety of marketing and promotional elements are available for any firm to use. Integrating these elements into a consistent message become important to a firm for efficiency and effectiveness reasons. Even though some of the promotional elements in an integrated marketing communications plan developed in the U.S. will not transfer well to an under-developed country, the remaining basic marketing elements might transfer very well to an under-developed country. It becomes the responsibility of the international marketer to separate the firm's integrated marketing communication plan into its basic and promotional mix elements and decide which are appropriate to transfer and which are not.

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EXHIBIT 1: LEVEL OF DEVELOPMENT, STAGES OF ECONOMIC DEVELOPMENT, MARKETING FUNCTIONS, AND MARKETING INSTITUTIONS

Level of Development	Rostow (1990) * Stages	van Waterschoot & Van den Bulte (1992) Marketing Functions **	Cateora (1987) *** Marketing Institutions
Low	*Traditional Society* -Pre-Newtonian Technology -Limited Economic Growth -Subsistance Agriculture -Little Economic Exchange	None or very limited Basic Marketing Mix w/ no Mass Communication	*None*
	Transitional Society -Entrepreneurs Appear -Agriculture Improves -Limited Manufacturing -Centralized National States	Basic Distribution Basic Product Mix Basic Price Basic Personal Communication	*Small Merchants*
	Take-off -Modern Societies Begin -Vast Economic Progress Made -Leading Sectors Drive Economy -Capital Accumulates -Per Capita Income Increases -More Entrepreneurs Develop	Basic Marketing Mix	*Merchants, Wholesalers*
	Drive to Maturity -Modern Technologies Applied Over All Economic Activity -New Leading Sectors Emerge -Economy Has Technical Skills to Produce Anything It Needs	Basic Marketing Mix Limited Promotion Mix	*Large Scale & Chain Retailers* Wholesalers, etc.
High	*High Mass Consumption* -Leading Sectors Shift to Durable Goods and Services -Large Per Capita Increases -Social Welfare and Security Become More Important The "Masses" Gain Purchasing Power Beyond Their Subsistence Needs	Basic Marketing Mix Promotion Mix	*Integrated Channels of Distribution*

* Rostow, Walt W. (1990), The Stages of Economic Growth, a Non-communist Manifesto, Third Edition,, Cambridge, U.K.: Cambridge University Press.
** van Waterschoot, Walter, and Christophe Van den Bulte (1992), "The 4P Classification of the Marketing Mix Revisited," Journal of Marketing, 56 (October), 83-93.
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EXHIBIT 2: AN IMPROVED CLASSIFICATION OF THE MARKETING MIX

				Communication Mix		
Marketing Mix	Product Mix	Price Mix	Distrib Mix	Mass Communication	Personal Communication	Publicity Mix
Basic Mix	Basic Product Mix Instruments that mainly aim at the satisfaction of the exchange party's needs e.g. product options, assortment, brand name, packaging, quantity, etc.	Basic Price Mix Instruments that mainly fix the size and way of payments exchanged for goods and service e.g. list price, usual terms of payment and discounts, terms of credit, etc.	Basic Distrib Mix Instruments that mainly determine the intensity and manner of how the goods or services will be made available e.g. types of channels, density of the distribution system, trade relationships, etc.	Basic Mass Communication Nonpersonal communication efforts that mainly aim at announcing the offer, build awareness, or removing barriers to wanting e.g. theme-ads in various media, sponsorships, etc.	Basic Personal Communication Personal communication efforts that mainly aim at announcing the offer, build awareness, or removing barriers to wanting e.g. amount and type of selling, etc.	Basic Publicity Mix Efforts that aim at inciting a third party to favorable communication about the offer e.g. press releases, press conferences
Promotion Mix	Product Promotion Mix Supplemental group of instruments that mainly aim at inducing immediate overt behavior by strengthening the basic product mix for short periods of time	Price Promotion Mix Supplemental group of instruments that mainly aim at inducing immediate overt behavior by strengthening the basic price mix for short periods of time	Distribution Promotion Mix Supplemental group of instruments that mainly aim at inducing immediate overt behavior by strengthening the basic Distribution mix for short periods of time	Mass Communication Promotion Mix Supplemental group of instruments that mainly aim at inducing immediate overt behavior by strengthening the basic mass communication mix for short periods of time	Personal Communication Promotion Mix Supplemental group of instruments that mainly aim at inducing immediate overt behavior by strengthening the basic personal communication mix for short periods of time	Publicity Mix Promotion Mix Supplemental group of instruments that mainly aim at inducing immediate overt behavior by strengthening the basic publicity mix for short periods of time

* Adapted from van Waterschoot, Walter, and Christophe Van den Bulte (1992), "The 4P Classification of the Marketing Mix Revisited," Journal of Marketing, 56 (October), 83-93.

ASIAN AMERICANS AND ADVERTISING

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ABSTRACT

Projections indicate the growth rates of minority populations in the U.S. will far outpace the national average, especially the Asian American population. However businesses and academics have been slow (1) at recognizing the Asian Americans as a viable market and (2) understanding this segment's marketplace attitudes and reactions toward advertisements within the mass media. The purpose of this research is to review the literature investigating Asian Americans and advertising and present recommendations to guide future research in generating an increased understanding of this market.

Most academic research focusing on Asian Americans and advertising has been descriptive in nature determining (1) frequencies of representation, (2) nature of portrayal, and (3) attitudes toward portrayal (Taylor, Lee and Stern 1995). An even more limited amount of research has addressed media usage among Asian Americans. Just because Asian Americans are appearing in ads does not guarantee the effectiveness of the ads (Forehand and Deshpande 2001).

Although progress has been made for most minority groups in advertisements, much remains to be learned with regard to understanding the influence and reactions to advertisements among Asian Americans. It is imperative that marketers make every effort to not only understand *what* is occurring, but also to increase their understanding of the *why* things occur within ethnic populations, especially the Asian American market. Given this need and opportunity, several research recommendations are presented to direct future research potential in helping marketing practitioners, media decision-makers, and marketing educators to create a better understanding of this fast growing market.

For example, a few studies (Cohen 1992; Yim 1989) have identified attitudes towards the role portrayal of Asian Americans in advertisements. Yet, both of these studies focused on attitudes of other populations, not the Asian American segment. No research to date has elicited any feedback from the Asian American population with regard to their attitudes toward the portrayal of Asian Americans. Appiah (2001) stressed that research, investigating how minority adults perceive same-race and ethnic-specific advertisements, is essential.

Other research has shown that the level of perceived similarities between features and the viewer of an ad influences that individual's belief that they were the intended audience of the ad (Aaker, Brumbaugh, and Grier 1996). And the valence of the portrayal in the advertisement may influence consumer behavior such as believability and credibility of the ad (Wilson and Sherrell 1993). None of this research focuses on Asian Americans.

Just as Coca-cola, the Asian American market is "Real." However, additional research is essential to help marketing practitioners, media decision-makers, and marketing educators to create a better understanding of this fast growing market.

References Available Upon Request.

U.K. SMES' APPROACH TO SERVICING OVERSEAS MARKETS: THE CONCENTRATION VERSUS SPREADING DEBATE AND THE IMPORTANCE OF MANAGERIAL COMMITMENT

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ABSTRACT

This paper revisits the 'market concentration versus spreading' debate in relation to firms' international market servicing strategies. Findings from a postal survey of U.K. SMEs and subsequent interviews indicate that differences exist between groups of firms in relation to their measures and sources of competitiveness. Specifically, those that employ either as a committed or uncommitted strategy, an approach which concentrates on key overseas markets compared with those that spread their efforts over a number of markets. Recommendations for policy makers are put forward for the targeting of overseas trade assistance.

SERVICE FAILURES AWAY FROM HOME: BENEFITS IN INTERCULTURAL SERVICE ENCOUNTERS

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ABSTRACT

Consumer travel and multinational service corporations have increased the opportunity for service failures where consumers from one culture experience service problems in another cultural setting. This study tested the Stauss and Mang model (1999), which proposed the possibility that intercultural service failures exhibit lower seriousness ratings due to the customer's attributing errors to cultural distance. Such a possible outcome has important implications for service providers whose customers are from different cultures, such as tourist or visiting businesspeople.

A pretest, employing the critical incident technique (CIT), established descriptions of common service failures and recovery strategies for the sample frame. Domestic (in the Republic of China) and foreign (outside the Republic of China) service encounters were then compared in both failure and recovery stages reported in an online survey employing a modified critical incident technique. Results showed that the apparent reduction in intercultural failure seriousness can be attributed not to the service error itself, but to increased acceptance of the recovery strategy. These findings were used to clarify the Stauss and Mang model by including the importance of recovery strategies, and the benefit gained by any recovery attempt within an intercultural service setting.

Applying the consumer decision-making process model, evaluation of the consumption experience is influenced by the consumer's background characteristics, including: demographics, personality, psychographics, lifestyle, culture, values and reference groups (Wells & Prensky, 1996). Given the current results, there is little reason to suspect that any of these characteristics would undergo change during a service encounter. Zeithaml and Bitner (1996, p. 441) state that services in the international context include special issues: *Differences in thinking processes and decision-making processes are the most subtle problem area.* This echoes Hofstede's assertion that culture is the *software of the mind* specifically in relation to what he labels *culture two*, defined as: . . . *the collective programming of the mind which distinguishes the member of one group or category of people from another* (Hofstede 1997, p. 5). Without a learned-knowledge of acceptable service and customer behavior, consumers must rely on what they already know and try their best to get on with it. This may occasionally lead to serious unintended problems.

It appears that the recovery strategy employed by the service provider plays an important role in the consumer's final impression of the service encounter. A positive recovery attempt will begin a cognitive process where the consumer must consider the service provider's perspective, thus shifting the framing of the recovery (Burton & Babin, 1989). At this stage it is likely that cognitive dissonance appears (Cummings & Venkatesan, 1976), as the customer must reconcile the service failure with a now shifted frame that considers the service provider's situation. Context of the failure can then be attributed to the intercultural context, resulting in more credit being given to the service provider for his/her recovery attempt. The failure can then be attributed to a cultural mismatch, moving the locus to the customer. If a recovery attempt is made, it brings up the point that this was indeed an error and is recognized by the service provider as an error. It is at this stage that the consumer can attribute some of the blame to his/her own cultural script, still not changing original expectations, but improving satisfaction.

Complete paper and references can be accessed at: http://warden.idv.tw or by request.

INTRODUCING UNRELATED BRAND EXTENSIONS THROUGH CORE BRAND SPONSORSHIP

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ABSTRACT

Brand extension is a widely used strategy for introducing new products. Previous research has shown that fit between the core brand and the extension are important factors that affect the evaluation of extensions. This study investigates the impact of core brand sponsorship of activities associated with the extension on perceptions of fit between the core brand and the extension. The findings suggest that the perception of fit between a core brand and an unrelated extension can be strengthened through television sponsorship. Managerial and research implications of the study are identified.

INTRODUCTION

A number of studies (Aaker and Keller 1990, Loken and John 1993, Viswanathan 1997) have shown that the evaluation of a brand extension is impacted by the strength of the core brand and the fit between the core brand and the extension. In general, a strong core brand results in a more favorable evaluation of a brand extension than a weak core brand, and a good fit between the core brand and the extension is likely to lead to more favorable evaluations of the extension than a weak fit between core brand and extension.

The purpose of this study is to further investigate the enhancement of brand category fit to provide a better fit between a core brand and an extension through core brand sponsorship of elements associated with the product category of the extension. First, we review the literature relevant to brand extension, associative networks, and image transference. We then report the findings of a study of the impact on the ability of a core brand to introduce extensions through television sponsorship. Finally, we suggest managerial and research implications of the study.

CONCEPTUAL BACKGROUND AND HYPOTHESES

Generally, there are both affectively and cognitively based theoretical bases that suggest that a core brand can be enhanced through advertising so that it lends itself to greater extendibility. For example, Bloxham (1998), suggests that while the primary objectives of advertising is to influence the perception of the brand by explicitly communicating information about its benefits, the affective attachment that viewers feel towards a sponsored television program is likely to transfer to the brand being advertised by virtue of association with the program, thus altering the overall perception of the brand. This affect could thus be transferred to a brand extension.

Similarly, Puto and Wells (1984) suggest that some advertising has a "transformational" function. When these transformational ads are successful tightly linking the brand with warmer and enjoyable feelings, these psychological responses become part of the brand experience, thus differentiating them from similar brands in the product category.

As noted, one of the conditions that have been found to influence the ability to introduce brand extensions is the fit between the core brand and the brand extension. A number of marketing scholars (e.g., Boush and Loken 1991; and Aaker and Keller 1990; Loken and John 1993;) have suggested that this fit is best understood in terms of the overlap between the cognitive schema associated with the core brand's product category and the product category of the extension. In the context of brands, schemas represent cognitive networks or links between a brand and brand-related beliefs, or nodes. Broniarczyk and Alba (1994) and Bhat and Reddy (1997) have suggested and found support for extending this idea of overlap between product categories to the overlap between the attribute schemas of the two products. Bhat and Reddy (2001) found that fit with the core brand's overall image was more important in determining brand extendibility than was the fit between the product categories.

Brand extension can be understood in terms of the schema of a core brand being linked to the schema of the product category of the brand extension. Presumably, the more nodes shared by the core brand and the new product category, the tighter the link and therefore the more transference of the evaluation of core brand to the extension. This linking of schemas is a learning process that can be enhanced by communication and reinforcing the links.

Television advertising is one of the communication tools that can be used to enhance this learning process. As noted, this television advertising can be direct and intended to influence the perception of a brand explicitly by communicating information about the brand itself, but it can also be have less direct effects, through sponsorship of program with characteristics with which the advertiser would like their brand associated (Bloxham 1998). The importance of television sponsorship as a means of marketing communication is growing. In 1996, sponsorship expenditure in the US was 5.5% of total advertising expenditure. Over 5000 brands in the US spend an average of $1.18 million on some form of sponsorship (Meenaghan 1998). Examples include the sponsorship of public television by ADM, the sponsoring of the new TV program "Outback" by Subaru and so on. Potentially, these new associations that result from these sponsorships represent additions to the brand schema that could be used to enhance brand extension.

Based on this discussion, the following hypotheses are suggested.

H1: The perception of fit between the core brand and a low-fit extension will be enhanced by core brand sponsorship of a television program related to the product category of an extension.
H2: The evaluation of an extension low-fit extension will be enhanced by core brand sponsorship of a television program related to the product category of an extension.
H3: The number of favorable thoughts towards a low-fit extension will be increased by core brand sponsorship of a television program related to the product category of the extension.
H4: The number of unfavorable thoughts towards a low-fit extension will be decreased by core brand sponsorship of a television program related to the product category of an extension.

METHOD

Research Design

The experimental design is a single factor between subjects design with the type of television program sponsorship manipulated at two levels – related sponsorship and unrelated sponsorship. Manipulations were by written scenario, where subjects were asked to imagine themselves in a product evaluation situation. In the related sponsorship condition, the core brand was identified as sponsoring a television program related to the extension category, and in the unrelated sponsorship condition, the core brand was identified as generally sponsoring television programs. Subjects were 92 undergraduate students at two western universities. Subjects were randomly selected and assigned to the two conditions.

Stimuli

Subjects were presented an information packet and were informed that the object of the exercise was to evaluate new products that were planned for introduction. The information packet contained information (a paragraph) on a fictional British based clothing company named Barton Coates.

The first part of the paragraph contained a description of the company followed by a description of the company's products. The company was described as a British clothing company that had introduced a wide range of clothing products over the years. Details of the different clothing products included men's' slacks, clothes for boys, jeans, and wrinkle free clothing. The second part of the paragraph on the company briefly described the advertising and sales promotion policies of the company.

The information on the company provided to subjects in the related sponsorship condition and the unrelated sponsorship condition were similar, except for the description of the kind of joint sales promotions run by the company. In the related sponsorship condition, subjects were informed that the company had been running a number of joint sales promotions over the years with a leading television quiz program for children. In the unrelated sponsorship condition, subjects were informed that the company had been running a number of joint sales promotions over the years with leading television programs. The information on the company was followed by a filler task, and series of dependent measures. The filler task consisted of an eighteen-item "need for cognition" scale.

Dependent Measures

The dependent measures included a cognitive response task, a measure of attitude towards the brand extension, and a measure of perceived fit between the core brand and the extension "educational books for children". To measure cognitive response, subjects were asked to write down the thoughts that went through their mind, as they read the information on the extension. Attitude towards the extension was measured using a four item, seven-point semantic differential scale and fit was measured using a three item, seven point semantic differential scale similar to the one used by Keller & Aaker (1992).

RESULTS

Perceived Fit

An ANOVA on perceived fit with sponsorship (extension related sponsorship and extension unrelated sponsorship) was performed. The results of this study have been summarized in the table. As predicted in H1, there was a significant difference in perceived fit of the brand extension, between the related sponsorship and the unrelated sponsorship condition. The perceived fit between brand and extension in the related sponsorship condition (Mean=-0.37) was significantly higher (F=13.52, p<0.001) than the perceived fit between brand and extension in the unrelated sponsorship condition (Mean=-1.31). The results support the hypothesized effects of extension related sponsorship on perceived fit. In other words, the sponsoring of children's quiz shows resulted in stronger perceptions of perceived fit between educational books for children and clothing, than the sponsorship of a show unrelated to the extension.

Attitude towards the extension: An ANOVA on attitude towards the extension with sponsorship (extension related sponsorship and extension unrelated sponsorship) was performed. As predicted in H2, there was a significant difference in attitude towards the extension, between the related sponsorship and the unrelated sponsorship condition. The attitude towards the extension in the related sponsorship condition (Mean=0.60) was significantly higher (F=9.45, p<0.01) than the perceived fit between brand and extension in the unrelated sponsorship condition (Mean= -0.40). The results support the hypothesized effects of sponsorship type on attitude towards the extension. The attitude towards the extension of educational books for children in the related sponsorship condition was significantly more favorable than the attitude towards educational books for children in the unrelated sponsorship condition.

Cognitive response task

In the cognitive response task subjects were asked to list the thoughts that went through their mind as they read the information on the extension. The thoughts were classified into favorable thoughts, unfavorable thoughts, and neutral thoughts.

An ANOVA on the number of favorable thoughts towards the extension with sponsorship (extension related sponsorship and extension unrelated sponsorship) was performed. As predicted in H3, there was a significant difference in the number of favorable thoughts towards the extension, between the related sponsorship and the unrelated sponsorship condition. The number of favorable thoughts in the related sponsorship condition (Mean=1.41) was significantly higher (F=8.53, p<0.01) than the number of favorable thoughts in the unrelated sponsorship condition (Mean=0.61). The results support the hypothesized effects of sponsorship type on the number of favorable thoughts. The number of favorable thoughts in the related sponsorship condition was significantly higher than the number of favorable thoughts in the unrelated sponsorship condition.

An ANOVA on the number of unfavorable thoughts towards the extension with sponsorship (extension related sponsorship and extension unrelated sponsorship) was performed. As predicted in H4, there was a significant difference in the number of unfavorable thoughts towards the extension, between the related sponsorship and the unrelated sponsorship condition. The number of unfavorable thoughts in the related sponsorship condition (Mean=0.30) was significantly lower ($F=9.49$, $p<0.01$) than the number of unfavorable thoughts in the unrelated sponsorship condition (Mean=0.98). The results support the hypothesized effects of sponsorship type on the number of unfavorable thoughts. The number of unfavorable thoughts in the related sponsorship condition was significantly lower than the number of unfavorable thoughts in the unrelated sponsorship condition.

CONCLUSION AND DISCUSSION

As hypothesized, the perception of fit between a core brand (clothing) and the unrelated extension (educational books for children) was stronger when the core brand was identified as sponsoring a television program related to the extension product category. In contrast, when the core brand was identified as sponsoring a general television program, the perception of fit was considerably weaker. The results also indicate that sponsoring a television program that is related to the extension category enhances attitudes towards unrelated brand extension. In addition to changing perceptions of fit, the results indicate that sponsoring a television program related to the extension category; enhance the evaluation of brand extensions that have a poor fit with the core brand.

The results obtained in this research represent a first step in understanding the potential impact of television program sponsorship. The thought of a television program sponsorship having the ability to change brand perceptions is an innovative way of introducing a brand extension. It is also suggested that there are new methods of enhancing the favor ability of attitudes towards unrelated brand extensions. The ability to possibly control the perception of a product as being favorable rather than unfavorable is a tool that can be used for product extensions that do not fit with core brands. By linking an extension that has a poor fit with the core brand to a related sponsorship the likelihood of a favorable evaluation will increase significantly. The information presented here could change the way that promotions are considered for unrelated brand extensions. Again, this is a first step, and in order to take full advantage of the potential of this information further study would have to be conducted. However, this study shows validity and could be useful for new product extensions in unrelated core brands.

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Table: Evaluation of Brand Extensions

	Unrelated Sponsorship	Related Sponsorship	F	Sig. Level
Perceived Fit	-3.94	-1.1	13.52	<0.001
Attitude Toward Extension	-1.21	1.80	9.45	<0.01
Number of Favorable Thoughts	0.61	1.41	8.53	<0.01
Number of Unfavorable Thoughts	0.98	0.30	9.49	<0.01

MARKET ORIENTATION AND ORGANIZATIONAL PERFORMANCE: A NEW PRODUCT PARADOX?

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An integrative nomological network of the effects of market orientation on organizational performance is tested. This research reconciles inconsistencies in prior research by demonstrating simultaneous direct effects of market orientation on new product success and profitability, but only indirect effects on changes in market share. The finding that market orientation's effect on new product success was partially mediated by its influence on the priority that firms' place on higher order learning (i.e., generative as opposed to adaptive learning or modeling) support theoretical assertions that had yet to be empirically tested. Prior research is also extended by two unexpected paradoxes relating to new product success. First, the effect of generative learning on new product success was positive when it was mediated by an increase in the priority that firms place on radical innovation. Otherwise, its effect on new product success was negative. Second, the effect of new product success on profitability was positive when it was mediated by an increase in market share. Otherwise its effect on profitability was negative. These paradoxes are believed to reflect the ability (or inability) of firms to coordinate their capabilities (market orientation is one such capability), resources and strategic priorities. Generative learning without radical innovation and new product success without an increase in market share reflect poor coordination, and as a result, impair new product success.

STUDY HYPOTHESES

H1A:	Market orientation directly influences_new product success.
H1B:	The effect of market orientation on change in market share is mediated by new product success.
H1C:	The effect of new product success on profitability is mediated by change in market share.
H2A:	Market orientation directly influences the relative priority that firms place on generative learning (as opposed to adaptive learning or learning through modeling).
H2B:	The effect of market orientation on the relative priority that firms place on radical innovation (as opposed to competitor-driven or manager-driven incremental innovation) is mediated by the priority that firms place on generative learning.
H2C	The relative priority that firms place on radical innovation directly influences new product success.

KEY FINDINGS

All hypotheses were supported. The tests of H1A replicate prior findings. The tests of H1B and H1C extend prior research by demonstrating a more complete on the interrelationships among market new product success, change in market share and profitability. H2A-H2C extends prior research by relating market orientation the use of specific learning and innovation strategies.

The 'new product paradox' relates to unexpected findings relating to a direct effect of generative learning priority on new product success and a direct effect of new product success on profitability. Both effects were significant, but negative.

A STUDY OF STRATEGY IMPLEMENTATION AS EXPRESSED THROUGH SUN TZU'S PRINCIPLES OF WAR

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ABSTRACT

In currently facing dynamic environments, the tools of strategic management appear to be more and more important in improving the quality of decision-making. Among the great Chinese wisdoms, Sun Tzu's, *The Art of War,* is probably the oldest military book in Chinese with principles which Sun Tzu advocated still very valuable in business operations today. Thus, this study tends to evaluate the relationships among Sun Tzu's principles of situation appraisal, strategy implementation, and strategic control through an empirical study. Furthermore, how the levels of adoption on Sun Tzu's principles of situation appraisal, strategy implementation, and strategic control impact on a firm acquiring its key success factors is also verified. The results show that the adoption levels of Sun Tzu's principles on situation appraisal, strategy implementation, and strategic control are highly interrelated. The adoption levels are positively relative to the firm acquiring its key success factors, as well.

INTRODUCTION

Business managers are facing dynamic environments yet today and are encountering more and more difficulties in their decision-making. Sun Tzu's, *The Art of War,* is probably the oldest military book in Chinese, and the principles which Sun Tzu advocated continue to be very valuable in many business operations today. When business managers take the principles of *The Art of War* into consideration in strategic decision-making, they will create numerous strategies and methods in solving countless problems. A Chinese saying, "the marketplace is a battlefield," (Tung 1994) reflects that it is really difficult for business managers to operate their corporate in marketplaces. Sun Tzu advocated that when countries prepare for warfare, they must consider many things, such as the weapons, the armies, the terrain, the logistic supports, and more. In the business world, we must also check many factors in competition, such as the culture, the stakeholders, the resource owned, the policies, and so forth.

Although we know that it would be useful to adopt Sun Tzu's principles in competing, what we are interested in is which of Sun Tzu's principles are exactly implemented in the true world. Knowing whether or not the firms really get the key success factors just because they follow Sun Tzu's principles is also the focus of this study. Therefore, this research information is to collect the principles extracted from *The Art of War* and to make it more distinct. The research objectives of this study are as follows: (1) To evaluate which principles of Sun Tzu's, *The Art of War,* can be applied in real business enterprises when business managers formulate their competitive strategies. (2) To investigate how the levels of adoption on Sun Tzu's principles of situation appraisal, strategy implementation, and strategic control impact on firm's acquiring its key success factors.

LITERATURE REVIEW

Sun Tzu (named Sun Wu) was born in the state of Ch'i at the end of the Chinese Spring and Autumn period (551-479 B.C.). He is as contemporary as Confucius and Lao Tzu. Although the details of Sun Tzu's life are nearly lost, Sun Tzu's work, *The Art of War,* is still fundamental in classical military literature. The first western translation appeared in French and was published in Paris around 1772. Not until 1905, did the first English translation appear. Although it was complete about 2,500 years ago, the book remains a compulsory text in major military schools around the world, and its influence on today's military thinking is undisputed.

Strategic marketing is the essence of each successful firm (McComb 2001). At the beginning of strategic marketing, one firm analyzed the firm's macroenvironment, the industry in which the firm operates, as well as the inside of the firm (Wright et al. 1994). Therefore, the firm is able to find out their strengths and weaknesses, and also their opportunities and threats outside. Through the SWOT analysis, one firm formulated its strategies (Wright et al. 1994; Hill and Jones 1998). Only through effective implementation, could the strategy come true. Concerned strategic control is one of most important mechanisms in strategic management. Rowe (1994) has addressed that strategic control is an ongoing process used to adopt implementation in responsibility to changes in the internal or external environment. Based on these studies, it is expected that in a thorough strategic management process, all three components of the strategic management: situation appraisal, strategy implementation, and strategic control are highly interrelated, and essential to the survival of the company.

Sun Tzu argued that before deciding how to attack (or defend), one has to evaluate: (1) "Which general would be most responsible?" (2) "Which troops would be the strongest?" (3) "Which army has the best trained officers and men?" (4) "Which army executes the law and instructions most effectively?" (5) "Which army best administers rewards and punishments?" (6) "Which ruler possesses the most moral influence?" (7) "Which army would be the most capable in obtaining the advantages of climate?" (8) "Which army is most capable of obtaining the advantages of terrain?" (Wee et al., 1991) In other words, before implementing the strategy, one has to evaluate the field situations: (1) the way (tao), (2) climate, (3) terrain, (4) command, and (5) regulation. Thus, Sun Tzu's principles of war are consistent with the essential of the strategic business management. According to these literatures, the hypotheses advocated in this research are as follows:

H1: The degree of the adoption of Sun Tzu's principles of situation appraisal will directly impact on a firm' s adoption of Sun Tzu's principles of strategy implementation and strategic control.

Ganung (2001) has addressed that a firm who wants success must consider the three KSFs: (1) listening to the client's needs, (2) assessing the environment, (3) coaching the personnel involved. However, it's said that success factors could change as the environment and strategies change (Prince, 1998), and under such conditions flexibly respond to changes in the environment acting as one of the most essential KSFs for any firm (Taudes 1998). Wing and Perry (2001) however, proposed that the ability to scan the environment, identify new markets and execute strategy changes are the KSFs that would make the firm succeed. Sun Tzu's, *The Art of War*, proposes that before setting up for war, one should consider these five factors and seven dimensions (Wee et al. 1991; Lin 1994; Wong et al. 1998). Strategy implementation is the process of transforming strategic intentions into actions. In strategy implementation, the Mckinsey 7-S framework is usually adopted to be analyzed (Peters and Waterman 1982). The Mckinsey 7-S framework considers the coordination of strategy, share value, structure, system, staff, style and skill. In Sun Tzu's, *The Art of War*, it also mentions the following factors in supporting strategy implementation:(1) Swiftness; (2) Adaptability; (3) Deceptiveness; (4) Available; (5) Anticipation. The strategic control system monitors the execution of the strategy. As the environment changes, the strategy changes. Hence, if one wants to know exactly what is different or what has been done, he or she must depend on strategic control. Farrell and DeRose (2000) addressed that the ability to innovate, to execute, and to control are crucial KSFs for the firm. From the inference above, Sun Tzu's principles, situation appraisal, strategy implementation, and strategic control, can become sources of KSFs for a firm's success with the following hypotheses:

H2: The degree of the adoption of Sun Tzu's principles of situation appraisal, strategy implementation, and strategic control will directly impact on a firm's obtaining its key success factors.

RESEARCH DESIGN AND METHODOLOGY

The following four major variables were operationalized in this study: (1) Sun Tzu's principles of situation appraisal, (2) Sun Tzu's principles of strategy implementation, (3) Sun Tzu's principles of strategic control, and (4) key success factors. The research variables for the constructs of situation appraisal, strategy implementation, and strategic control were selected from Wee et al (1991). The questionnaire of this study consisted of seven parts: situation appraisal (8 items), strategy implementation (12 items), strategic control (9 items), key success factor (17 items), the information of firms (4 items) and the information of respondents (5 items). The questionnaire was pretested through a pilot study by EMBA students in one of the most top-ranked universities in Taiwan. Questionnaire items were revised based on results of the pilot study before they were put into final form.

A sampling plan was developed to ensure that larger corporations in Taiwan were included in this study. This study selected the largest corporations in Taiwan for their samples, according to the "The Largest Corporations in Taiwan (2001)" published by China Credit Information Service, Ltd. (CCIS). The top 100 firms of manufacturing and the top 100 firms of services were the two sampling frames selected for this part of the study. The target populations were the high and middle level managers of 200 firms. In the final survey, a total of 1,000 survey questionnaires were mailed to respondents. With follow-up telephone calls, 221 questionnaires were answered. A total of 203 questionnaires were usable, and 18 questionnaires were nonusable. The response rate was approximately 20.3 %. Among the respondents, 19.7% of respondents were high-level managers, 31% were middle-level supervisors, 23.6% were low-level directors, and 25.6% were among others.

RESEARCH ANALYSIS AND RESULTS

Factor analysis is utilized to examine the patterns or dimensions underlying the data. Using a principal component analysis associated with varimax rotation, two factors, named "internal environment appraisal" and "external environment appraisal" are extracted from "situation appraisal" construct; "swiftness", "adaptability", and "deceptiveness" are extracted from "strategy implementation" construct; "intelligence" and "security" are extracted from "strategic control" construct; finally, "production ability', "marketing ability" and "delivery ability" are extracted from "key success factors" construct. And the Cronbach's alpha (□) of each of these 10 factors is greater than 0.7. Thus, it seems to indicate that all factors for each research construct are reliable.

To evaluate the interrelationships between situation appraisal and strategy implementation, between situation appraisal and strategic control, and between strategy implementation and strategic control, three sets of canonical analysis were conducted, respectively. The results are shown in Figure 1.

Regarding the interrelations between situation appraisal and strategy implementation, firms scanning the internal and external environments will emphasize on swiftness, adaptability, and deceptiveness in strategy implementation (CAN R^2=0.674, F=50.261, p=0.000, RI=41.19%). It is clear that interrelationships do exist between the factors of situation appraisal and strategy implementation. Regarding the interrelationships between situation appraisal and strategic control, it is shown that firms scanning the internal and external environments tend to adopt security in strategic control (CAN R^2=0.360, F=24.951, p=0.000, RI=17.73%). Regarding the interrelationships between situation appraisal and strategic control, it is shown that firms adopting swiftness, adaptability, and deceptiveness in strategy implementation will emphasize intelligence and security (CAN R^2=0.641, F=30.783, p=0.000, RI=24.13%).

These results have performed some managerial implications. As Sun Tzu advocated that before fighting, one should evaluate the internal and external environments (five criteria and seven dimensions) in order to know his relative strong points in strategy implementation. Also, after one uses situation appraisal, he/she will encounter some changes. He/she will then need to use strategic control to get their information to respond for these changes. Furthermore, these three kinds of variables will influence each other. From this discussion, we can conclude that H1 is supported.
To evaluate the interrelationships between situation appraisal and key success factors, between strategy implementation and key success factors, and between strategic control and key success factors, three sets of canonical analysis were conducted, respectively. The results are shown in Figure 2.

Regarding the interrelations between situation appraisal and key success factors, firms scanning the internal and external environments will lead to higher production, marketing, and delivery ability (CAN R^2=0.506, F=28.273, p=0.000, RI=34.66%). Regarding the interrelationships between situation appraisal and key success factors, it is shown that the interrelations between strategy implementation and key success factors are positive and significant. Firms adopting swiftness, adaptability, and deceptiveness in strategy implementation will possess the production, marketing, and delivery ability to succeed (CAN R^2=0.554, F=21.663, p=0.000, RI=34.66%). Regarding the interrelationships between strategic control and key success factors, it is shown that the interrelations between strategic control and key success factors are significant. Firms adopting security in strategic control will keep production, marketing, and delivery ability as their key success factors (CAN R^2=0.364, F=20.560, p=0.000, RI=23.06%).

These results seem to suggest that firms taking a higher level of adoption on Sun Tzu's principles of situation appraisal, strategy implementation, and strategic control tend to perform better on key success factors. These results have performed some managerial implications. Wing and Perry (2001) proposed that the ability to scan the environments will produce the KSFs to make the firms succeed. Some other scholars also addressed that strategy implementation and strategic control will lead to the KSFs (Grundy 1996; Pavetti et al. 2001; Rousseau and Rousseau 1999/2000; Bamber et al. 1999; Farrell and DeRose 2000). These statements are the same with the analysis results of this study. Therefore, H2 is supported.

CONCLUSIONS AND SUGGESTIONS

The empirical validations concluded the following results:First of all, it is indicated that there were significant interrelationships between Sun Tzu's principles of situation appraisal and of strategy implementation. Fennelly (1998) addressed that through strategic management, all firms scan the environment, develop and implement strategies to react to its environment, and seek strategic control system (performance-related information) in order to feed back to the process of formulation and implementation of strategy. If firms thoroughly scan the internal and external environments, they will be able to emphasize more on swiftness, adaptability, and deceptiveness in their strategy implementations. Sun Tzu advocated that one should consider the internal and external environment factors before waging in war. These factors include moral influence, generalship, climate, terrain, doctrine, strengths, training, and discipline and are relevant to the SWOT analysis. After assessing the internal and external factors, one can determine whether or not to attack or defend. If one determines to attack their competitors, they must make the swift actions, keep flexible, and do deceptive activities to confuse the competitors.

The results of this study also show that there were significant interrelations between Sun Tzu's principles of situation appraisal and strategic control, which include intelligence and security. Sun Tzu advocated that one should check the internal and external environment factors before setting up the fight, simply meaning that one must know the information of oneself, the competitor, and the environment. After confirming who to fight with, and where to fight, one will seize the information by any method keeping others from knowing their organization activities.
According to Sun Tzu one should be swift, adaptable, and deceptive in strategy implementation, but one should acquire a wealth of information in order to make them be flexible in their actions during competition. Hence, one should not only seize the information from one source, but also keep the secrets from being disclosed. Sun Tzu stated that one can get information by espionages, however, in today's business operation practices, this may be considered as unethnic and illegitimate. If there were such espionage activities, they must be kept secretive, as it goes without saying that "keep secrecy" is very important. As Sun Tzu said, "Where a matter or espionage has been divulged prematurely, both the spy and all those he told should be put to death."

Although these research results are interesting, several limitations do exist in this study. The translated meanings of principles of the Sun Tzu's, *The Art of War*, the collection of research data, and the analysis methods all serve to temper the results of this study. Although the empirical validation in this study has made a breakthrough to this existing literature, the results still need to be replicated in a more general setting in order to establish external validity of these conclusions. Furthermore, there are many great Chinese scholars--Confucius, Mencius, Lao Tzu, Zhuang Tzu, and so forth. They also developed many great thoughts; some of these thoughts continue to be very useful in our business operations. Therefore, future research can take these thoughts as research variables and compare them to mental philosophies in our real world business settings.

(References available upon request)

DOES MARKETING MANAGEMENT AND EDUCATION NEED A DELICATE BALANCE BETWEEN EVOLUTIONARY AND SPIRITUAL LEADERSHIP TO PROVIDE ADDED VALUE?

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ABSTRACT

The paper argues that management's (as opposed to individual's) aiming for 'total spirituality' in the provision of value or anything else that is worthwhile, is as unwise as it is unlikely. There is a reason why we have divine, tribal and animal law, and any well-intentioned moves towards greater marketing value will be more successful if mindful of this delicate balance. The paper outlines the main areas where each of these creates and delivers value in marketing. Marketing can provide the leadership that delivers both values in terms of evolutionary processes as well as the values that come with marketers adopting the role of servant leaders and trustees.

INTRODUCTION

This paper is highly focused. It is not specifically concerned with the need for spirituality in the marketplace (Mitroff and Denton 1999; Quiring 1996; Bol 1996), its benefits (Rutte 1996; Thompson 1996) or techniques for its encouragement (Kanungo and Mendonca 1996, Sutton 1996). It is only concerned with a need for a very delicate balance between these difference ways of providing value in marketing management.

THE SOCIAL VIRTUES OF COMPETITION AND TRIBAL LAW

Competition between rival players for limited resources is universally accepted as part of natural selection in evolutional processes. Tribal law includes not only competition between groups, but also evolutionary virtues of 'looking after your own kind'. The essence of the meaning is a combination of group exclusiveness, acceptance of the group leader as opposed to spiritual leadership, and being societally- or subgroup-centred.

Advocates of both greater spirituality and greater communalism in business have often condemned competition out of hand. While this paper does not consider competition or tribal law as 'virtuous' per se, it does contend that they have substantial social virtues and value creating potential in marketing. Amongst the social benefits or customer values they provide are the following:- the efficient management of scarcity; the improvement of skills, efficiency and products/services offered; as a spur to innovation; as a disincentive to sloppiness, waste and indifference; as a motivator for high achievers, entrepreneurs, intrapreneurs and other 'true' competitors; as an atmosphere of rivalry that often results in superior performance and quality; as a decision mechanism for weeding out unsuccessful strategies, choices and resources; as freedom from the abuses of monopolists and vested interests; leadership by the strongest; its impact on differentiation, variety and choice; and in stretching a firm's horizons and strategic intent (Leef 1996, Henderson 1983, Hamel and Prahalad 1989, Quinn 1985). One could add that Gordon Gekko's mantra that 'Greed is good' is best seen in this light, even if he didn't.

For society and for a large number of people, this is a natural and desirable thing. Very importantly, 'good' tribalism does not preclude ethical behaviour, and – together with self actualization - includes essential social mores, human progress, and much charitable, religious, and group socialising behaviour. Tribes also need other tribes to balance them. Thus, from a societal and a corporate standpoint, we are talking about a largely successful system where the main issues are survival, cohesiveness, functionality and efficiency of adaptation. Thus evolutionary and tribal law do deliver significant value in marketing.

WHY LEADERSHIP IN MARKETING MANAGEMENT NEEDS EVOLUTIONARY CHECKS AND BALANCES

While a group of clergy were on a visit to the Lloyd's of London insurance building, they commented that the system "must be tremendously testing morally". They were assured that it was working well because Lloyd's trusted people to act on principle and honourably. Charles Handy adds (Handy 1995, p.31): "Alas, not long after, events were to prove that unprincipled people can thrive in a system based mainly on principle". Exposés on The Body Shop, Starbucks Coffee and Ben & Jerry's Ice Cream (Entine 1995, 1996) have been similarly necessary.

Maloney (1992, p.133), building on Day's (1984) and Iwai's (1984) work, concludes that "it is the dynamic interaction between the continuous and equilibrating force of imitation (heredity) and the discontinuous and dis-equilibrating force of innovation (mutation) that governs the evolutionary process". Because we know that successful marketing has resulted from dynamic interactions between good imitation (eg. benchmarking, world's best practice and Key Industry Success factor compliance) and innovation (eg. new game strategies, N.P.D. etc.), it clearly would appear to support the view that marketing actually needs the values delivered by the evolutionary process.

WEALTH CREATION

High profits are generally a reward for superior effectiveness, adaptability and efficiency. While there are widespread public and media "beliefs that a high level of profitability in a business is probably harmful to society ... (the PIMS research has found that) highly profitable businesses tend to confer more 'social benefit' than less profitable ones" (Land 1980, p.1).

While Adam Smith is often portrayed as an economic rationalist type of economist with an unbalanced fascination for competitive 'invisible hands', it is important to note that he was essentially a moral philosopher who 'insisted that a free market is possible only within the framework of justice' (Solomon 1993, p.453). He could clearly see the delicate balance, even if many of those who followed him couldn't. Capitalism, as explained by Adam Smith, is based on the creation and delivery of value through the evolutionary and divine advantages that come from a free market and a just societal framework.

DOWNSIZING, OUTSOURCING AND SOCIAL CAPITAL

It would be hard to argue that some organisations did not need to downsize due to inefficiencies and unproductive workforce levels. Similarly, some firms are better off now that they have outsourced certain operations, and obviously many people picking up the outsourced work have benefited. Thus both of these business decisions are not wrong in and of themselves. In fact, executive decision-makers would argue that they are actually a part of the delicate balance of utilitarian ethics in which some suffer but the good of the greatest number is achieved.

Yet downsizing, outsourcing and related business tactics have probably put undue pressure on the level of trust and community in many organisations, and perhaps have become a significant threat to the delicate balance. It is possible that certain organisations may now choose to gain a sustainable competitive advantage through a strategy that combines maximising social capital through stability in relationships (Leana and Van Buren 1997) and spiritually-sound decency through such principles as trust, trustworthiness and co-operativeness (Jones 1995, Davis et al 1997).

THE CULT[URE] OF THE CONSUMER—OUT OF BALANCE?

Despite the many virtues of firms having a customer orientation, this can become unbalanced. The dangers of this have been both documented and often ignored.(Du Gay and Salaman 1992,Anderson 1991, Sorell 1994, and Jackson 1998). Cults, by definition, are an unbalanced aberration. Consumers cannot always 'come first'; logically, producers and other stakeholders' interests must be included in a balance.

AGENCY THEORY AND STEWARDSHIP THEORY IN TANDEM

Agency theory is one of the most prominent in the leadership and management field, and is unquestionably based on hierarchical, evolutionary assumptions. It presumes that principals (owners) and their agents (managers) are both individualistic and self-serving utility maximisers (Jensen and Meckling 1975). Stewardship on the other hand, while not automatically 'spiritual', assumes more communitarianism, caring and trustworthiness (Donaldson and Davis 1991).

Of some importance to the present paper, Davis, Schoorman and Donaldson (1997, p.21) comment that while "previous research seems to be based upon one-best-way-thinking – that is, stewardship theory is correct and agency theory is incorrect, research is needed that shows where stewardship theory fits in the theoretic landscape relative to agency theory, rather than opposed to it". They then proceed to chart what is in effect the delicate balance needed between the two approaches. They show, in a prisoner's dilemma game study, that an agency relationship is superior when either party has an individualistic orientation (irrespective of the choice of the other party), whereas a stewardship approach is superior only if both parties avoid that individualistic orientation.

MARKETING AND THE 'SPIRITUAL AUDIT OF AMERICA' STUDY

Mitroff and Denton's survey (Mitroff and Denton 1999) had two main conclusions which directly linked the spiritual concerns of the managers with marketing and value issues per se.

Those associated with organisations they perceived as 'more spiritual' also saw their organisations as 'more profitable'. (p83)

There is no consistent empirical evidence to date of any such relationship in the literature, though a variety of valuable examples have been offered (Marcic 1997). It is also unlikely that any scientifically rigorous study will ever establish a universally persuasive case. However, the finding has important motivational implications for organisations attempting to increase their spirituality inclinations and practices. Important future research should be conducted to investigate which particular spiritual values or practices are most associated with profitability, and which specific instrumental efficiency ones are also most conducive to enhancing profit. The author of this paper has commenced an exploratory study in this regard.

They believe strongly that unless organisations learn how to harness the 'whole person' and the immense spiritual energy that is at the core of everyone, they will not be able to produce world class products and services. (p84)

This statement is unlikely to be supported by fact; many organisations produce at world-class standards with no clear evidence of differential spirituality levels. This does not mean that 'harnessing the whole person' is non-beneficial for all concerned, but it is a good warning against making extravagant claims. Utilitarian efficiency economic models have just as good a prima facie case for resulting in world-class products and services that create and deliver value.

MARKETING, SPIRITUALITY AND ADVERSITY

What would be the consequences if all businesses became spiritual? Would this be Heaven on Earth? Abdul-Baha of the Bahai faith seems to say "yes", stating that "every business should be established on divine principles". (Abdul-Baha 1987, p.1) Roy Masters (1992, p.146) says "no" rather well. "As the matador must risk losing his life to the bull in order to perfect his art, so must man deal with the hardships that challenge his spiritual growth". There needs to be a delicate balance of the spiritual and the non-spiritual for this experience to be possible and fertile, just as there needs to be a similar balance between 'earthly and divine motivations' in the individual's growth – though in this latter case it should be more chronological (Masters 1976, p.166, see also Kohn 1993, p.274).

THE SPIRITUAL DANGERS OF SUCCESS IN EXCESS

Ludwig and Longenecker (1993), Miller (1993) and Elsass (1993) discuss in detail what they have termed 'The Bathsheba Syndrome', 'The Icarus Paradox' and 'The Paradox of Success': too much of a good thing respectively. All of them agree that, while competitive pressures are significant factors, the potentially corrupting effect of success itself is more influential than most people or organisations admit. From the standpoint of this paper, however, it also strongly supports the case for a delicate balance with regard to marketing success as well.

THE SPIRITUAL DANGER OF INDIVIDUALISM AND TRIBALISM IN EXCESS

Amongst others, Scott Peck (1987), Alexis de Tocqueville (1835) and Robert Bellah et al (1985) have commented that the great human characteristic of individualism, when not balanced by matching community habits, leads to fragmentation, isolation and alienation. It could be added that the common pseudo-community solutions of 'nationalism', 'localism' and 'clubism' are usually only examples of tribal law and while providing a balance on that front, do not complete the important delicate balance. Marketing is an individualistic activity when it satisfies individual customer demands and the individual entrepreneur's need for profits. Marketing is also a community activity as it requires a win-win intention in most professional definitions. But when it provides value in terms of both fulfilling the entrepreneur and 'identifying and satisfying customer needs', it is performing a distinctively spiritual role. Both forms of value are equally necessary.

A CONCLUDING COMMENT

In the spiritual realm, we are not the management or the leader, but we are a part. Besides greater purity of intent, our part in this spiritual enhancement of marketing management would manifest itself in human form as a combination of alternative value-driven marketing (Carusone et al 1992), long-term interactive relationships (Gummesson 1987), stewardship (Davis et al 1997), and what one could call the marketer as trustee and guardian. At the same time, marketers and marketing educators must never lose sight of the entire picture and the need to be always aware of this very delicate balance. Our texts, journals, lectures and public pronouncements have not been doing a very good job of this at all. Marketers are well placed to provide the necessary leadership in these respects in the creation and delivery of value.

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MARKETING ADDING EXTRA VALUE THROUGH THE CHAMPIONING OF THE DEMOCRATIZATION OF CORPORATE PURPOSE

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ABSTRACT

Despite the long and checkered (albeit successful) history of democracy, its record within corporations has not been widely regarded as a success. Trust in the ethical behaviour of business people, and their sense of responsibility to the various stakeholder groups has never been good, but is at a particularly low ebb now. The sheer dynamism of the present business environment only accentuates the need for progress. There are many relevant issues in law, corporate governance and personal values, amongst others. This paper addresses only one: the need for greater democratization of corporate purpose and the ability of marketing to champion this and thus create and deliver greater value. The paper outlines the challenges of greater democratization and why marketing is better placed than other functional areas to contribute positively towards a new framework and era. It also briefly debates the workability of the most troublesome options – the stakeholder corporation, the tightly – held shareholder corporation, and the manager – controlled company and the 'shareholder value maximizing' corporation masquerading as a stakeholder-oriented business.

INTRODUCTION

Democratic societies, amongst other things, are supposed to offer freedom of choice and association. The better democracies combine the pursuit of more freedom of choice with both the pursuit of a more effective and efficient economic system, and also careful attention to the checks and balances necessary to continually defend that democracy. Despite the long and checkered (albeit successful) history of democracy, its record within corporations has not been widely regarded as a success. Trust in the ethical and democratic behaviour of business people is at a particularly low ebb now, and is threatening the survival of the free enterprise system. While there are important leadership, legal, accounting, and cultural issues needing solutions, one area where this vital combination apparently needs some attention is in the pursuit of more democratization of corporate purpose. (Kelly 2002, Gould 2000, Ackoff 1994, American Law Institute 1994, Argenti 1993., Campbell 1997 and 1993, Dahl 1993; Kantor 1992). Interestingly our developed societies today seem to have a much wider array of choices for products, services, and even entertainment than we have for types of corporations we can choose to work for or to deal with. This does not seem healthy, and Marketing can help as the 'concept champion'.

A FRAMEWORK FOR DISCUSSION

This paper is an ideas piece, 'an idea whose time has come', it is contended here. The paper is not grounded in political theory, or law, or moral philosophy, as defined by any of these professions. It has come out of the eclectic fields of corporate governance and stakeholder theory.

Most democratic economies appear to have, on paper, considerable democratization of corporate purpose. Available to the citizens are, for example, (shareholder-owned) companies, worker cooperatives, consumer cooperatives, privately-owned enterprises and government/community-owned entities. Some would argue that this system is working perfectly, while others would not. Certainly it has economically proved itself better than totalitarian alternatives like communism, but that is a reactionary and worthless binary comparison. In much of the developed world, the limited liability, shareholder wealth-maximising corporation has emerged supreme, and the other alternatives mentioned above are largely options in name only.

There are however at least 3 highly-debatable options in our choice of corporate alternatives – the so-called Stakeholder Corporation, the tightly-held, limited/no voting shares version of the so-called Shareholder Corporation, and the manager-controlled 'shareholder' corporation.

Each of these has become, through rhetoric or action, more powerful or more pressing as a corporate entity requiring attention. The framework for this discussion paper is based on some key observations from both a corporate governance and stakeholder management standpoint, both of which suggest defects in our present system and some fruitful avenues worth pursuing.

SOME OBSERVATIONS

The author offers the following personal observations which together lead to some recommendations which should benefit not only companies but individuals, stakeholder groups, and other constituencies or interest groups.

1. A fully developed democracy needs to be able to accommodate a wider range of viable and contesting corporate purposes and structures than we have at present. An increasingly pluralistic and diverse society, operating globally, locally, and often electronically, will need to learn from others, adjust, and structure themselves in better ways in order to have a clearer purpose. Motivation will always be sub-optimal when participants don't agree with a single-group fixation such as shareholder wealth maximization.
2. The shareholder corporation and the (allegedly) stakeholder corporation have their staunch advocates, their successes and their unique strengths, and should be allowed and encouraged to co-exist. However, investors, customers and others should not be restricted to such a small pool of options.
3. Stakeholder theory has progressed well as a normative ethical theory, but not very well in terms of both corporate governance and strategic management (Hendry 2001) Despite the rhetoric, it is difficult to point to any significant 'stakeholder corporations' in both word and deed.
4. While stakeholder rhetoric has entered the mainstream of business thinking, the actual practice has not (Kelly 2002). Valuable contributions from stakeholder theory are in danger of becoming public relations slogan to justify the single-minded 'mantra' of shareholder value that is sweeping the business community.
5. As long as managers and companies continue to be judged predominantly on a (shareholder – and manager-oriented) single scorecard, stakeholder theory in a practical sense has a fatal flaw.
6. Progress in stakeholder theory and practice is unlikely until there is a widely accepted distinction between 'the stakeholders' and other 'constituencies or interest groups'. As long as the theory persists in including "everyone who can help or harm an organization", for example, the term 'stakeholder' will not have any precise managerial or legal meaning. Argenti (1993) has argued strongly that, wherever organizations have multiple stakeholders and an unclear purpose, those stakeholders without power become 'residual legatees' and suffer accordingly.
7. Board members, managers and the law cannot be expected to give prioritization and/or satisfy the claims of 'stakeholders' unless they are officially recognized and endorsed. Without this, they have no basis for accepting or denying the claims of alleged 'stakeholders' other than in terms of the non-specific, personally-determined criterion of something being or not being "in the interests of the company as a whole".
8. Presently the shareholders are the only group with a general prioritization position over others in law and by convention, while liquidators, creditors and the taxation authorities have specific legal priority status. States with 'stakeholder statutes' force consideration of stakeholder interests, but this is done by judges and by directors and managers in an unspecified manner, and usually without direct reference to, or permission from, key nominated stakeholders.
9. It is argued here that some stakeholders and constituencies are dealing with shareholder corporations wrongly believing that they are stakeholder-oriented (as a result of their and others' pronouncements), while others are dealing with potential stakeholder corporations wrongly believing that they are shareholder-oriented. The same applies to confusion about the corporate purpose of a management controlled firm that wrongly appears to be shareholder-oriented, or a limited/no voting share situation where the corporation's purpose is wrongly assumed to be oriented to shareholders in general rather than the special group of controlling shareholders. These situations are neither fair, honest nor likely, to be optimal over the long term, especially in an environment of disbelief following the collapse or downgrading of once 'investment-grade' corporations.
10. It is not sufficient to just hope that the present shareholder value maximizing stockholder corporation (whether manager-controlled or with limiting voting rights and tightly held) will 'democratize' by offering employees more participation in discussions (Gould 2000). This present paper is emphasing the need for broadening the viable options, not employee participation as the solution in itself.
11. It is hard to imagine how marketers can consistently create and deliver extra value to customers and others in such an environment of confusion and cynicism.

SOME RECOMMENDATIONS

As these recommendations are all for businesses, they all presume a satisfactory profit and return on investment, whether for shareholders, specific stakeholders or any combination thereof. It is recommended that the following improvements be considered:

1. 'Stakeholders' in a stakeholder corporation would need to not only have 'a stake at risk' and legitimacy, power, and/or urgency, (Mitchell, Agle and Wood 1997) but most importantly, official sanction in the Memorandum and Articles of Association, the written Mission Statement, Company Codes, and probably in certain AGM resolutions. A stakeholder corporation would specify exactly who were the stakeholders, and may or may not choose to prioritize all of them in any way. All other interested parties would be treated as constituencies. Similarly, a single stakeholder firm (eg. shareholders, or workers, or consumers) would legally and conventionally give official sanction to that one stakeholder group, and all other parties would be constituencies or interest groups.
2. Every organization would thus have to declare openly and honestly what type it is. Obviously all types of organizations must comply with the law of the land, which would include safeguards for interest groups and the environment as well. Social mores would also affect the choices made, as would societal expectations of good corporate citizenship. Thus a shareholder corporation would unequivocally orientate itself around the stockholders, stop pretending that it is stakeholder-driven, but clearly state how it intends being a good corporate citizen within its stated investor-focussed purpose. The marketing department would market according to that mandate.
3. Managers (and others) would know the endorsed priorities of the organization, could choose better how well these matched their personal values, and the judgement of their performance would be tailored to the right scorecard. Customers, shareholders and others would be better placed to decide with whom they wanted to do business, and why.
4. Government social policy might be used to steer choices into desired directions. For example, preferential tax laws might apply to encourage certain decisions and practices. Some business types would pay more in taxes wherever they were externalizing social costs and not specifying the community as a designated stakeholder.
5. Various mechanisms would be needed to allow and to facilitate decisions to move between categories of corporation. Official sanction would remain mandatory, whatever the corporate purpose, but obviously the economic system must allow flexibility and adaptability in a rapidly changing environment.
6. Pressure groups and other 'checks and balances' mechanisms would operate as usual, but the 'rules of the game' in each case would be clearer.
7. Measures of performance, either on the balanced scorecard of the stakeholder firm, or the single scorecard of the single-group oriented firm, could then be more rigorous, clearly understood and demanding.
8. Appropriate lessons could be learnt about the best ways to structure, govern and manage other options from "stakeholder economies' like Germany and Japan (Hendry 2001), amongst others. Careful attention would especially be given to how marketers in those situations used the special circumstances to create and deliver extra value.

SOME POTENTIAL SHORTCOMINGS

All worthwhile proposals have their shortcomings, and these are no different. But separating the 'baby' from the 'bathwater' we must surely try to do. Here are some of the problems (with a few ameliorating possibilities):

1. Who will provide the funds in a stakeholder business if started from scratch? This is a difficult yet crucial issue. Presumably investors, managers and employees who believe in stakeholder management rather than single-focussed firms would be the most likely. It might also be necessary to provide government and societal incentives in the first instance.
2. Who would start an entrepreneurial stakeholder firm? The answer is probably the same as item 1 above. Presumably this would give a nice opportunity for community-minded entrepreneurs who are uncomfortable with the single financial return scorecard.
3. Who would receive the net assets upon winding up a stakeholder business? The law would need to specify the process and the order of prioritization as it does with the existing shareholder and co-operative businesses.

4. How would an existing, established shareholder-oriented firm convert to become a stakeholder corporation? Presumably, after the shareholders agree that it was beneficial to do so, they would collectively and officially change the company documents identified earlier, and together with the managers, bankers, etc. they would facilitate new shareholding or stakes across the specified stakeholder groups, (plus other pertinent matters).

MARKETING'S SPECIAL CHAMPIONING ROLE

Why would marketers need to be concerned about the greater democratization of corporate purpose, let alone champion it? If one agrees with the general intent, what would be the position of the other functional disciplines? In the case of the accounting and finance fields, their 'addiction' to shareholder wealth maximization, shareholder value and the single scorecard precludes them as a group from leading a change which would appear to complicate a 'single purpose game' that seems to work well. The human resource people tend to either champion the role of the employees as a forgotten but supreme stakeholder, or see the staff as a resource to be used towards shareholder wealth maximisation. This would make them unlikely champions. The operations, manufacturing and logistic people in the field are usually more concerned about day-to-day efficiencies and 'making things happen'. This is not to imply that any of these non-marketing experts as people are not concerned about improving democracy at work.

At first 'blush' the marketing people would also appear to be a single stakeholder advocate as well; after all, isn't the customer meant to be always right? Considerable evidence is available to support the view that the better approach in modern professional marketing is to view 'the market' as being always right, with shifting prioritization being required across the main stakeholder groups (Jackson 1998). It is the marketing function's special role and skill to take in 'the big picture'. Secondly, good marketers are accustomed to viewing and targeting consumers as external customers, employees as internal customers, shareholders as vital constituents within investor and public relations, and so forth. Thus marketing is well placed to champion this development, and thereby create and deliver greater value.

SOME VALUE ENHANCING OPTIONS

More than most other groups, marketers are experts in targeting and segmenting. Thus they are very well placed to tailor each corporate structure type to its targeted constituents. With precise segmentation research, more accurate democratic options could be possible.

Secondly, through their public relations skills, marketers are accustomed to interacting with various publics and either understanding their needs or persuading them of a point of view beneficial to that type of corporation and its leading stakeholders.

Thirdly, through the barrage of existing and potentially new marketing research techniques, marketers are able to better detect the nuances and subtle needs of those for whom the corporation has been designed or adapted.

Fourthly, as the shareholder-only focused corporation found it increasingly difficult to attractively engage all their non-investor interest groups, this development could well weaken the strangehold on business power of accountants and others who have become obsessed with shareholder wealth maximization. This could in turn elevate the power, prestige and influence of marketers in both these corporations and in the others where other stakeholders are genuinely significant. There should then be considerable opportunity to create and deliver extra value through marketing's extensive tool-kit.

Finally, the concepts of product values, value propositions, benefit analysis and service value delivery, for example, are all substantial opportunity areas for marketers, and each can readily be adapted to the different types of corporate purpose in the market place. Thus, for example, marketers would play a lead role in developing and managing value propositions for all the designated stakeholders in a stakeholder corporation, not only the customers. In a shareholder corporation, marketers would give as much attention to marketing to the investors as they do to customers.

CONCLUDING COMMENT

The case made here for greater democratization of corporate purpose is in outline only, and tailored for vigorous debate. There are no panaceas where people, power, 'pesos' and policies are concerned. Winston Churchill reminded us that "democracy is the worst from of government, except for all the others". From a stakeholder perspective, our corporations are democratically deficient. From a corporate governance and legal perspective, stakeholder theory is deficient. From an ethical and motivational perspective, single-stakeholder organisation pretending to be stakeholder-oriented are also deficient. As Kelly eloquently observes, (Kelly 2002, p 2-3), "The system is designed to serve certain people and not others... Because power is what it is all about, not good intentions or voluntary initiatives or toothless codes of conduct. We would do well to focus on democratizing structures of power. It is about consciously crafting new democratic system structures: structures of voice, structures of decision making, conflict resolution, accountability". Hopefully this paper contributes usefully along the path to greater democratization of corporate purpose.

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Addendum to the Academy of Marketing Science 2002 Conference Proceedings

CONCEPTUAL FRAMEWORKS ON FOREIGN ENTRY MODES: A REVIEW AND COMPARISON OF THE CONTEMPORARY LITERATURE

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ABSTRACT

In this paper, a selection of contemporary approaches to business internationalization, from the mode of entry perspective, are reviewed and systematically compared among themselves: transaction cost-based frameworks, resource-based view (or organizational capability perspective), and the attitudinal approach. It is concluded from our analysis that, by means of combining these conceptual frameworks, a more integrated view of the foreign entry mode decision-making process can be achieved by both practitioners and future researchers in this field.

INTRODUCTION

Historically, the most widely used approaches in terms of entry-mode research have been: 1) The explanatory theories of foreign direct investments, FDI (the Monopolistic Advantage Theory, the Internalization Theory, and the Eclectic Paradigm); and 2) the Gradualist Approach (export stages models) based upon the gradual accumulation of experiential foreign market knowledge. Essentially, the main difference arising between these stage models and the so-called core theories of international business lies on their specific focus on one specific mode of entry abroad: export or FDI. As these two quite opposite streams of research are well-known today and have previously attracted the interest of many other authors (Calvet, 1981; Thomas and Araujo, 1986; Welch and Loustarinen, 1988; Johanson and Vahlne, 1990; Andersen, 1993; McDougall et al., 1994; Woodcock et al., 1994; Leonidou and Katsikeas, 1996; or Rialp and Rialp, 2001), they will not be reviewed here again.

Further theories and conceptualizations in terms of modes of foreign entry have recently been developed based partly upon these preceding approaches. However, in spite of the extensive research conducted so far in this field, no agreement has yet been reached on which analytical frameworks seem to be more relevant to explain a firm's foreign market entry-mode decision (Andersen 1997; Matthyssens and Pauwels 1998; Fillis, 2001). Other authors, such as Hill et al. (1990) and Sarkar and Cavusgil (1996), have also emphasized the need for a unifying conceptual framework.

Therefore, the aim of this paper is basically to shed light on this issue by providing a general overview and systematic comparison of current approaches dealing with strategic entry mode choice. This study will proceed as follows: the next section describes briefly the most salient aspects related to international entry modes. Then several conceptual frameworks and approaches conveniently selected from the current literature about foreign entry-modes are successively reviewed in the search for their main contributions and limitations. We conclude with a discussion of the key findings in terms of their academic and managerial implications.

MODES OF ENTRY ABROAD

Entry modes usually have been conceived as institutional arrangements chosen by firms for organizing and conducting international operations in a selected country (Root, 1994). Moreover, these mechanisms are susceptible to be changed over time as the firm redefines its levels of international involvement. In this context, firms are supposed to continually face modal decisions among a number of forms available to penetrate foreign markets: export entry modes (indirect and/or direct export), contractual agreements (licensing, frachising, etc.), strategic alliances (international joint ventures), and foreign direct investments (wholly-owned subsidiaries, whether in the form of acquisitions or greenfield investments).

Foreign modes of entry and expansion have been classified elsewhere based upon their different level of risk, return characteristics and the degree of control and resource commitment each mode provides the entrant. This has also revealed the existence of a critical trade-off between the degree of control/operational risk desired in foreign operations and the volume of resources committed at any moment in time (Anderson and Gatignon 1986; Woodcock et al., 1994; Rialp and Rialp, 2001; Osland et al. 2001).

When a firm decides to go international, it has to determine almost simultaneously both the international market/s in which it wants to operate in and the structural nature of its operations in these foreign locations. Clearly, the scope of a firm's activities in the selected country market will depend heavily on its choice of an appropriate mode of entry (Kumar and Subramaniam, 1997). Consequently, this modal selection generally becomes a crucial strategic decision for the internationalizing firm (Agarwal and Ramaswami, 1992; Root, 1994), as it affects all its future decisions or activities in that country market. A well-chosen mode can enable a firm to gain competitive advantage, whereas inappropriate modal decisions are difficult to change once they have been made (Osland et al., 2001).

CONTEMPORARY APPROACHES ABOUT FOREIGN MODES OF ENTRY

This section reviews and compares some of the most promising conceptual frameworks available in the current literature on the selection of entry modes abroad. All of these entry-mode approaches have been selected based on different arguments that seem to favor the development of highly innovative penetration strategies in foreign markets. Either because they give a more critical perspective of the transaction costs in play, or because they emphasize the nature of the firm's internal resources/capabilities and/or its managers' skills and attitudes. Thus, the possible paths to be followed by firms during their international projection become, according to these models, much more flexible and not so deterministic as preceding approaches have assumed.

In order to illustrate and facilitate our comparative analysis, **Table 1** highlights some of the key similarities and differences in orientation between these conceptual frameworks of the foreign entry-mode decision and other more traditional approaches in this field, namely FDI theories and stage export models. This is done, precisely, to enrich our evaluation of the current approaches that have been chosen.

Entry Form Selection Based on the Transaction Cost Approach

In the recent years, a number of studies have presented different analytical frameworks for choosing among all the available modes of entry abroad (Anderson and Gatignon 1986; Nicholas 1986; Anderson and Coughlan 1987; Hennart 1989; Hill et al. 1990; Klein et al. 1990; Erramilli and Rao 1993; Alonso 1993; Driscoll 1995). Each one of these studies introduces a number of selection criteria to help firms identify the most convenient strategic option for exploiting their specific advantage/s beyond national borders. Most of these frameworks have been amply reinforced by the abundant literature based on the Transaction Costs Approach -TCA- (Williamson 1979, 1981).

Andersen (1997) indicates that, in the last decade applications of TCA have become fairly common in the entry-mode research. This approach contributes to the formulation of the firm's international strategy, and in particular, to entry mode predictions. The greater the transaction costs involved in servicing foreign markets are the more a firm will prefer to internalize international transactions, with formulas determining a more direct presence in those markets. However, most of the studies on foreign market entry modes have also made some refinement of TC theory to include other possible benefits from increased control or integration, such as globally coordinated strategies in multinational firms (Hill et al. 1990). This "modified TCA" also predicts a positive relationship between asset specificity and propensity for high-control entry modes. The strength of this relationship is, however, contingent upon the influence of moderating factors, such as external or internal uncertainty and firm characteristics (Anderson and Gatignon 1986; Erramilli and Rao 1993).

Although such extensions of transaction cost theory enrich our knowledge of a firm's entry mode selection, those modifications also seem to imply that the assumption of transaction cost minimization has been overestimated. The choice of foreign market entry mode should also be based on trade-offs between risks and returns, the desirability of control over foreign operations, resource availability, and the possible interrelationships existing among these factors. Thus, the use of these other decision criteria might lead to different conclusions concerning modal choice. In addition to this, the mode of entry variable has been classified in these TC-based studies in terms of the entrant firm's level of control over foreign operations. However, TCA does not differentiate properly among intermediate levels of control, usually related to the use of partnership arrangements.

Moreover, concerning this explanatory framework, some critical problems limit its possibilities of empirical testing. First, the unit of analysis should be, according to the TC theory, the transaction in play; while most TCA studies on entry mode, also widely concerned about other issues affecting a firm's decisions, have interestingly used the firm level as their unit of interest. Secondly, relevant transaction costs, in the consideration of entry modes, can only be indirectly approached by means of indicators such as the degree of asset specificity and internal or external uncertainty level. Clearly, more efforts should be made in reaching the necessary fit between the theoretical and operational levels of analysis in this kind of studies (Alonso, 1993).

Entry Mode Choice and the Resource Based-Perspective

The Resource-based View of the firm (RBV), also known as the Organizational Capability (OC) theory, perceives the organization as a bundle of resources. These resources can be transformed into capabilities through dynamic and highly interactive firm-specific processes, also called *organizational routines*, as a sort of complex patterns of co-ordination (Amit and Shoemaker 1993). This perspective is also based on the notions of bounded rationality and resource heterogeneity. Moreover, it has important implications for corporate and business strategy formulation, mostly in terms of helping managers differentiate those strategic resources that might support competitive advantage from other less valuable resources (Peteraf 1993).

The essence of strategy formulation process is, then, to develop and make the most effective use of the capabilities of the firm. While the fundamental assumptions of this RBV of the firm are found elsewhere (Dierickx and Cool 1989; Prahalad and Hamel 1990; Barney 1991; Grant 1991; Mahoney and Pandian 1992), a central issue of this theory is that firms should find an equilibrium between exploitation and development of their internal resources. Other two central concepts of this perspective are the creation of *sustainable* competitive advantage and *causal ambiguity* of firm's resources and capabilities based on their tacitness, complexity, and imperfect mobility (Reed and DeFillipi 1990).

According to Matthyssens and Pauwels (1998), the resource-based view of the firm and, more concretely, the differential endowment of strategic resources among them, will become a very significant fundament in global strategy research in the future. Fladmoe-Lindquist and Tallman (1994) have already confirmed the relevance of this perspective to explain differences in positions and market share shown by multinationals.

So far, the development of this theoretical framework applied to the international context remains closely related to Madhok's academic contributions (1996, 1997, 1998). By focusing exclusively on modes of entry decisions, this author has compared one stage model (the Uppsala Model) and the resource-based view of the international firm with the opportunism-based, transaction cost/internalization theory in terms of identifying their respective similarities and differences. Thus, while the key consideration of the TC approach in selecting entry mode is cost minimization, the OC perspective focuses on the strategic value of the firm's capabilities. When using the value concept instead of the TC minimization as relevant decision criteria, more insightful conclusions concerning which entry mode a firm should choose can be reached (Madhok, 1996).

Apart from these contributions, other empirical studies have started using this resource-based view to explain differences in international growth strategy (Fahy 1996; Andersen and Kheam 1998; Peng, 2001). However, despite its theoretical potential and highly appealing format, OC perspective seems to be in its initial phases of development as to concerns modes of entry decision-making. For instance, it remains to be applied, specifically, to export entry mode selection in the early stages of an internationalization process. Furthermore, this framework's change of orientation toward stressing the value of firm resources rather than cost-based issues also implies to change the stance toward international collaboration among firms. So far this theory has not been able to predict, by further discussing different sources of firm capabilities, what type of co-operative agreements (e.g. licensing, joint venture) a firm should make greater use of. This is also complicated by the fact that intangible resources that could materialize in organizational capabilities are highly difficult to observe and, consequently, to measure. Madhok (1997) himself notes that progress in this area will remain somewhat constrained until researchers better address rather complex issues like imperfect replicability, causal ambiguity or embeddedness.

Entry Mode Changes Based on Managers' Attitudes and Skills

In a series of insightful works, Calof (1993) and Calof and Beamish (1995) have demonstrated that executives' attitudes also "drive" internationalization, which is here considered as a dynamic, evolutionary and highly adaptive process in front of the challenges of the international setting. This adaptation particularly takes place in the way the firm approaches specific foreign markets. More particularly, which pattern they follow, and why it happens.

Calof and Beamish (1995) acknowledge that while much is known about the factors associated with the choice of an individual mode of entry (e.g. export, sales branch, wholly owned production), little is known of why firms change modes and what explains their patterns of mode change. In their opinion, mode change tends to arise following changes in: [a] internal and external constraints (resources or environmental regulation); or [b] executive's perceptions of market potential and mode costs and benefits. The ensuing pattern of internationalization –whether de-investment, one-step type investment or multi-step incremental investment- depends on the nature of the stimuli received, the firm's level of resources, international experience and skills, and the extent to which decision-makers' attitudes change. However, it appears that managers' attitudes and assumptions are the major determinant of the internationalization process: "the right attitudes, this is, ones that accurately reflect the actual environment, should help firms move more directly and appropriately along the internationalization path" (Calof and Beamish, 1995:130).

Finally, the decision-maker's perspective is also emphasized by Kumar and Subramaniam's analytical framework (1997). In their opinion, the entire research conducted in the entry mode literature has been fundamentally based on the assumption that the manager is rational, optimizing decision-maker. This is so because of its roots in the international economics/transaction cost literature. However, the resource and time constraints that managers usually face when they make entry-mode decisions may lead them to sometimes sub-optimize their final selection. This fact leads these authors to propose a contingency framework for the mode of entry decision under constrained circumstances, which accommodates two alternative decision-making strategies: a "rational-analytic" strategy versus a "cybernetic" strategy (Kumar and Subramaniam 1997:65). Managers who operate in an environment where accountability is very important will use rational-analytical strategies to justify their decisions. However, in situations where relevant constraints on information collection/processing exist, managers may follow a cybernetic approach, thus looking for "a satisfying solution" rather than "the optimal one". In essence, the choice of a decision strategy is contingent upon the characteristics of the decision-maker (knowledge, ability and his/her degree of motivation) and of the mode of entry decision task.

CONCLUDING REMARKS AND IMPLICATIONS

International entry-mode decision is one of the core elements of any international strategy (Welch and Loustarinen, 1988; Albaum et al. 1994; Root, 1994). Consequently, in this paper we have focused on the diversity of strategic options among which firms can select when deciding their entry strategy towards international markets. Then we have identified and compared the main explanatory frameworks currently available from the entry-mode choice perspective. In our opinion, this constitutes a helpful contribution to different potential users.

Researchers and academics can benefit most from the light shed on the idiosyncratic characteristics, contributions, weaknesses and theoretical boundaries of the more recent avenues regarding entry mode literature. They remain, however, too isolated and separated among themselves. Consequently, future researchers in this field should also investigate the potential interactions existing among these conceptual frameworks. In addition, most past entry-mode literature has surprisingly assumed that the choice of entry mode and international market selection can be regarded as two independent decision processes. Recent studies indicate, however, that factors associated with a firm's internationalization profile may also influence foreign market selection, entry mode choices, and modal changes (Calof and Beamish 1995; Andersen, 1997; Kumar and Subramaniam, 1997). Thus, further research on the nature of these interrelationships as both dimensions, entry mode choice and international market selection, represent two key strategic decisions in connection to a firm's internationalization (Bradley 1995).

Among managers and decision-makers, other relevant implications are derived from our study. It definitely helps managers of any type of firm, either multinational or SME, to identify the most relevant issues to take into account in the decision-making processes regarding foreign market entry. As seen above, the search for TC minimization structures in the performance of foreign market transactions is critical. Also, the uniqueness of firm's resources and capabilities, and managers' changing attitudes toward modal choice/change decisions are key conditioning requirements for undertaking international entry strategies more successfully in the future. Thus, firms will only be able to develop a long-lasting and sustainable competitive advantage abroad by taking into account the combined effect of these factors

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Table 1. Comparison of traditional and recent frameworks of foreign entry mode decision.

	FDI frameworks	Stages Models (U-Model/export I-models)	Transaction cost-based frameworks	Organizational capability perspective	Attitudinal perspective
Renowned contributors	Hymer; Buckley & Casson; Dunning	Johanson & Vahlne; Cavusgil; Bilkey & Tesar	Anderson & Gatignon	Madhok	Calof & Beamish; Kumar & Subramaniam
Basic foundation	▪ Industrial Organization theory: structural market imperfections ▪ TC theory: market failure imperfections ▪ Location theory	▪ Behavioral theory of the firm ▪ Innovation diffusion and adoption models	Transaction cost theory	▪ Resource-based view of the firm ▪ Evolutionary theory of the firm	▪ Not explicitly grounded on theories of the firm
Level of analysis	Firm level (purely MNCs)	Firm level (SMEs)	Foreign transaction	Firm level (no size limitation)	Firm and decision-maker levels
Behavioral assumptions	Bounded rationality (and opportunism)	▪ Bounded rationality ▪ Gradual incrementalism	▪ Bounded rationality and opportunistic behavior ▪ Rational optimization	Bounded rationality	▪ Bounded rationality (resource and time constraints) ▪ Satisfying decision-making
Explanatory variables	▪ Quasi-monopolistic advantage ▪ Ownership, locational and internalization advantages	▪ Firm's experiential knowledge and foreign market commitment decisions ▪ Firm's characteristics and managers' export orientation	Transaction characteristics (e.g. asset specificity, internal/external uncertainty, asymmetric information)	▪ Firm's resouces and capabilities (tangibles and/or intangibles) ▪ Organizational routines ▪ Generation and sustainability of competitive advantage	▪ Internal/external constraints and executives' perceptions and attitudes ▪ Characteristics of the decision-maker and the decision task
Dependent variable (foreign-entry mode/s)	Existence of MNC/FDI	Degree of internationalization of the firm in terms of both: ▪ the establishment chain (within the foreign market); ▪ and physic distance (geographical expansion)	Several classifications of entry modes in terms of return, operational risk, control and resource commitments: ▪ Export entry mode ▪ Contractual agreements ▪ IJVs ▪ FDI: wholly owned subsidiaries	Internalization mode versus collaboration mode	▪ Pattern of mode change and choice among individual modes ▪ Traditional versus hierarchical structures of the mode of entry decision
Decision criteria	Trade-offs between several type of advantages (ownership, location and internalization ones)	Degree of foreign market knowledge and, consequently, gradual relaxation of external uncertainty	Selection of structures which minimize transaction costs	Trade-offs between firm's (added) value and costs	Rational-analytic versus cybernetic decision strategies
Limitations	▪ Lack of dynamism ▪ High degree of theoretical abstraction ▪ Very large firms orientation (MNC)	▪ Deterministic view of the internationalization process ▪ Basic concentration on the export stage	▪ Difficult measure of transaction costs in play ▪ (Usually) lack of attention to firm competencies and strategic management	▪ Poor consideration of several modes of entry ▪ Complex concepts (imitability, causal ambiguity, etc.) complicate empirical testing	▪ Conceptual underpinning is weak ▪ Lack of greater empirical support due to its recent emergence

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