The Impact of Technology on Marketing’s Value Proposition

Editors
Donald P. Roy, Middle Tennessee State University
Carrie Trimble, Drury University
Mandeep Singh, Western Illinois University

2011 Annual Conference Proceedings
Published by

Marketing Management Association
Greetings MMA Members,

Welcome to the Marketing Management Association’s 2011 Spring Conference. This year’s conference theme is “The Impact of Technology on Marketing’s Value Proposition.” It has been stated that when the first modern computer was invented, experts from IBM forecast the market demand for such a machine for no more than half a dozen worldwide. I state this to demonstrate that the impact of technology is often unexpected and dramatic. The impact of technology on marketing and in our everyday lives has indeed been unexpected, dramatic and fundamental. It is my hope that this conference will provide us with an opportunity to exchange ideas of mutual interest in an atmosphere that is open, collegial and constructive.

Thanks to the efforts of my predecessors the Marketing Management Association has gone from strength to strength to become a premier marketing organization recognized internationally and drawing participation from the global community. Thank you for your support and engagement with our organization.

I am delighted to announce that this year’s keynote address will be delivered by the MMA’s 2010-2011 Career Award Winner for Innovative Contributions to Marketing, Shelby Hunt. Dr. Hunt is the Jerry S. Rawls and P.W. Horn Professor of Marketing at Texas Tech University. Professor Hunt will address the MMA membership on Thursday at the Awards Brunch. He will share his perspective on marketing, marketing education and its future.

The success of any endeavor is a result of the tireless efforts of many people. First, I want to thank the each track chair for their dedication and leadership in attracting a number of quality papers, reviewers, discussants and session chairs to the conference: Connie Bateman, Stacey Hills, Letty Workman, Scott Hansen, Bart Jennings, Nabarun Ghose, Susan Geringer, William Martin, Ann Walsh, Raymond Taylor, James Kenny, Brian Vander Schee, Michael Messina, Karen James and Timothy R. Graeff. I appreciate all of your hard work and know that none of this would have been possible without you. On behalf of all the conference attendees, thank you.

I also want to extend my appreciation for the many manuscript reviewers. These individuals have volunteered countless hours and these dedicated professionals are acknowledged in the Proceedings for the conference.

This conference would not be successful without the help of so many current and former officers. I would especially like to thank outgoing MMA President Rama Yelkur, who assisted me with my numerous queries, the wealth of her experience, and who has guided me through many of my steps and mis-steps. I also want to thank Past Presidents John Cherry and Judy Wiles who
were always willing to help, guide and assist me with the innumerable impositions I made on them.

My sincere gratitude and thanks to the proceedings editors Don Roy and Carrie Trimble, for their tremendous behind the scenes work, quick follow-up, problem solving, and creativity to ensure the high quality of the proceedings. In the same vein my heartfelt appreciation to our Executive Director Michelle Kunz and our Treasurer Susan Geringer, for their responsiveness and tireless efforts that ensure our smooth operation. I would be amiss if I did not acknowledge the former executive directors Charlie Pettijohn and Russell Casey for their efforts in maintaining the history of MMA over the years. The leadership and vision of all of these individuals is what makes this organization and this conference. I would like to give special thanks to Marie Steinhoff, who has worked hard to manage communications, assist with registrations and proceedings, and has helped us overcome the many challenges we have faced over the years. I would also like to thank those who have helped to shape the Marketing Management Association over the years: Judy Wiles, Robin Luke, Mike D’Amico, Linda Ferrell, O. C. Ferrell, John Cherry, Stacey Hills, Melissa Moore, Rob Moore, Fred Hoyt, Peter Gordon, Ram Kesavan, Susan Petroshius, Larry Zigler, Raj Devasagayam, Brian Engelland, Bob Erffmeyer, Rama Yelkur, Tim Aurand, Jerry Field, Bob McDonald, Gene Wunder, Eleanor Maliche, Ron Taylor, John Summey, Julie Toner, Brian Vander Schee, and Carrie Trimble… and I am sure there are many more I have forgotten.

I would also like to recognize the generous support of Hormel Foods Corporation and their continued commitment to education and their partnership with MMA; this year’s conference features the 9th Annual Hormel Foods Corporation Master Teaching Competition. Under the leadership of past winner Timothy Graeff, along with his committee, MMA has continued the tradition of soliciting and attracting the most innovative and creative group of educators to be honored for their ability to disseminate marketing knowledge effectively.

I encourage you to become more involved in the MMA and future conferences. We need your ideas, input and fresh perspectives! And don’t forget to mark your calendars for the 2011 MMA Fall Educators’ Conference in St. Louis, September 21-23, 2011. You’ll be hearing from us.

It has been my honor to serve as your Program Chair and President-Elect. Thank you for all you do to support your Marketing Management Association!

Mandeep Singh,
Western Illinois University
About the MMA

The Marketing Management Association (MMA) is an international association dedicated to developing more effective marketing educators and scholars. Founded in 1977 as an educator group affiliated with the MBAA, the association has grown to include 400 academic members from across the nation and around the world. MMA provides programming and opportunities for career success in marketing higher education.

Our mission is to provide educators a facilitative, supportive and stimulating environment that enhances scholarship, teaching and the practice of marketing through acquisition and dissemination of ideas and knowledge.

MMA meets twice each year, including a spring conference in downtown Chicago to discuss ground-breaking scholarly research and a fall conference to share knowledge in teaching effectiveness and ideas for professional development. The fall conference rotates between several cities.

The MMA publishes two refereed publications, the Marketing Management Journal and the Journal for Advancement of Marketing Education.

Current information about the organization can be found at its website: www.mmaglobal.org.
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In 1995, the Board of Directors initiated action to honor Marketing Management Association members who have served the Association and the profession particularly well with the designation “Fellow of the Marketing Management Association.” Fellows of the Association are also designated as life members.

We continue to honor those who have served, as each richly deserves the gratitude and approbation the title of Fellow is intended to convey.

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TRIVIAL ATTRIBUTES IN SERVICE CONTEXT: PRELIMINARY FINDINGS

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Junhong Min, Michigan Technological University
Madhav N. Segal, Southern Illinois University Edwardsville

ABSTRACT

While prior research on product differentiation is worthwhile, there is a dearth of researching trivial attributes that create meaningless product differentiation but result in positive influence on consumers’ decision making. Drawing on the extant literature on trivial attributes and choice theory, we empirically test the effect of trivial attributes on choice particularly in service industry. We argue that consumers will favor offers with trivial attributes as they reduce the uncertainty of the service offer. Moreover, we argue that hedonic (vs. utilitarian) services can enjoy the use of trivial attributes more whereas the type of trivial attribute (hedonic vs. utilitarian) does not matter.

Our preliminary results show strong support for all our hypotheses. In an ambiguous choice situation where at least three service providers have different strengths, the service provider offering a trivial attribute can increase its choice likelihood even after consumers are told about the triviality as it decreases the uncertainty in consumers’ minds.

Our research is at early stages and has many limitations. First of all, it is a challenge to define the triviality in a service context. Our manipulation checks showed that we were successful but future research should use different approaches for this manipulation. Moreover, we used uncertainty as only process measure but different individual difference variables might affect how consumers evaluate different offerings and future research should investigate this further.
USING POINT OF SALE (POS) DATA TO DELIVER CUSTOMER VALUE IN THE SUPERMARKET INDUSTRY THROUGH CATEGORY MANAGEMENT PRACTICES

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Michael S. Pepe, Siena College

ABSTRACT

The rapid proliferation in the use of technology through Point of Sale (POS) data by supermarket retailers has resulted in delivering value to consumers. This paper assesses how POS data is utilized by supermarkets implementing category management practices to deliver value to consumers. An interview was conducted with a category manager at a Northeast supermarket chain and examples are provided of how that chain uses POS information to enhance the value proposition to their customers.
SUPPLY CHAIN ALLIANCES: EXPLORING THE DRIVERS OF PERFORMANCE VALUE AND BUYER SATISFACTION

Ursula Y. Sullivan, Northern Illinois University

ABSTRACT

In this paper, the author investigates the value gained from supply chain alliances. As companies determine whether or not to partner and effectively shut-out competition, it is imperative to know that the alliance will drive value for the firms. Archival data are examined to understand where suppliers can add value in a partnership and to learn whether these relationships affect customer satisfaction. As hypothesized, the results indicate there are factors that allow a supplier to both directly and indirectly contribute to the value customers may gain from forming an alliance. Furthermore, providing value to customers through a supply chain alliance does result in greater customer satisfaction. In deriving the results, this paper extends the research on supply chain alliance value by measuring what the value represents to buyers as well as to suppliers.
A GENERALIZED MODEL FOR EVALUATING SUPPLY CHAIN DELIVERY PERFORMANCE

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Alfred L. Guiffrida, Kent State University
Murali Shanker, Kent State University

ABSTRACT

In this paper we present a generalized delivery performance model that overcomes existing limitations found in supply chain delivery performance models that have been reported in the literature. The model presented herein uses the gamma probability density function (pdf) in the construction of a cost based delivery performance model. The model is illustrated using a numerical example.

INTRODUCTION

Supply chain management serves as the foundation of an organization’s overall competitive strategy for attaining and maintaining competitive advantage. Under the supply chain management philosophy, value-adding activities such as raw materials acquisition, production processing and physical distribution are all coordinated to insure that customer demand is met with a correct order quantity that is delivered in a timely manner.

The need for performance measurement and evaluation in supply chain management is well recognized in the literature. Detailed discussions on the importance of performance measurement in supply chains may be found in Gunasekaran and Kobu (2007) and Lockamy and McCormack (2004). A taxonomy of useful supply chain performance metrics that spans the strategic, tactical and operational levels of supply chain operation has been effectively summarized in Bhagwat and Sharma (2007) and Gunasekaran et al (2004). Within the hierarchy of supply chain performance metrics, delivery performance is acknowledged as a key metric for supporting operational excellence of supply chains (O’Marah and Hofman, 2010) and is classified as a strategic level performance measure by Gunasekaran et al (2004).

In today’s competitive business environment customer dissatisfaction resulting from untimely delivery is of high concern to managers. Numerous empirical studies have documented the high level of performance that on time delivery plays in the operation of the supply chain (see for example, da Silveira and Arkader, 2007 and Iyer et al. 2004). In support of this concern, models for evaluating delivery performance to the final customer within multi-stage supply chains have been proposed by several researchers. These models and the delivery performance measures that they contribute serve as an integral precursor for managing improvements in delivery performance.

In this paper we develop a cost based delivery performance model in which delivery times are modeling using the gamma pdf. Our model contributes to the literature in that it: i) overcomes a common limitation that is inherent to delivery models found in the literature, and ii) represents a generalized modeling approach to the evaluation of supply chain delivery performance.

This paper is organized as follows. In the next section we provide a review of the literature on models of delivery performance and identify a common limitation inherent to these models. Following this review we introduce the mathematical form of a generalized model for evaluating supply chain delivery performance that overcomes the limitation of models currently found in the literature and demonstrate the model. We conclude with a summary of our findings and discuss directions for future research.

LITERATURE REVIEW

Models for evaluating delivery performance within supply chains can be categorized into two groups: i) index based models, and ii) cost based models. Table 1 provides an overview of this literature.

Both categories of models are similar in that delivery timeliness to the final customer is analyzed with regard to the customer’s specification of an on time delivery window. Under the concept of a delivery window, contractually agreed upon benchmarks in time are used to classify deliveries as being early, on time, and late (see Figure 1).

All the models defined in Table 1 use the delivery window to assess the probabilities of early, on time and late delivery. The models differ in how they report delivery performance in terms of an overall metric. Index
Table 1. Classification of Supply Chain Delivery Performance Models

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<th>Index Based Models</th>
<th>Cost Based Models</th>
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<tr>
<td></td>
<td>Guiffrida and Nagi (2006b)</td>
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Figure 1. Illustration of Delivery Window

<table>
<thead>
<tr>
<th>Early delivery</th>
<th>On-time delivery</th>
<th>Late delivery</th>
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<tr>
<td>( x &lt; c_1 )</td>
<td>( c_1 \leq x \leq c_2 )</td>
<td>( c_2 &lt; x \leq b )</td>
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Legend: \( x \) = random variable defining delivery time, \( c_1, c_2 \) = benchmark times defining early, on-time, and late delivery.

MODEL DEVELOPMENT

Consider an \( n \)-stage serial supply chain where an activity at each stage contributes to the overall delivery time to the final customer. Delivery time to the final customer is defined to be the elapsed time from the dispatch of an order by the originating supplier in the supply chain to the receipt of the product ordered by the final customer in the supply chain. Delivery lead time is composed of a series of activities (manufacturing, processing and transportation) at each stage of the supply chain. The activity duration of stage \( i \), \( W_i \), is defined by pdf \( f_{w_i}(w, \theta) \) that is reproductive under addition with respect to parameter set \( \theta \). Delivery time to the final customer, \( X = \sum_{i=1}^{n} W_i \), is defined by the resulting \( n \)-fold convolution of \( f_{w_i}(w, \theta) \) which has pdf

\[
f_{X}(x) = \frac{\alpha^k e^{-\alpha x} x^{k-1}}{\Gamma(k)}
\]

for \( w > 0 \), scale parameter \( \alpha > 0 \), and shape parameter \( k > 0 \).

The mathematical form of the pdf governing delivery time \( X = W_1 + W_2 + ... + W_n \) can be determined using moment generating functions.

For the gamma distribution the parameter set \( \theta = \{\alpha, k\} \) and the corresponding moment generating function is

\[
M_w(t) = \left(\frac{\alpha}{\alpha-t}\right)^k
\]

Hence, for \( X = W_1 + W_2 + ... + W_n \),

\[
M_X(t) = \left(\frac{\alpha}{\alpha-t}\right)^{k_1} \left(\frac{\alpha}{\alpha-t}\right)^{k_2} \ldots \left(\frac{\alpha}{\alpha-t}\right)^{k_n} = \left(\frac{\alpha}{\alpha-t}\right)^{\sum_{i=1}^{n} k_i}
\]

Examining \( M_X(t) \), we recognize,

\[
X \sim \text{Gamma}\left(\alpha, \sum_{i=1}^{n} k_i\right)
\]
The general structure of the cost based delivery model as defined by Guiffrida and Nagi (2006a) is

\[ Y = QH \int_{-\infty}^{c_1} (c_1 - x)f_A(x)dx + K \int_{c_1}^{c_2} (x - c_2)f_A(x)dx \] (4)

where \( Y \) = expected penalty cost per period for untimely (early and late) delivery
\( Q \) = constant delivery lot size
\( H \) = supplier's inventory holding cost per unit per unit time
\( K \) = penalty cost per time unit late (levied by the buyer)
\( c_1, c_2 \) = parameters defining the on time delivery window
\( f_A(x) \) = the probability density function of delivery time.

We redefine (4) when \( f_A(x) \) is gamma distributed thereby overcoming the two model limitations that were identified in the literature review.

Consider a two-stage supply chain where the individual stage activity time is gamma distributed with common scale parameter \( \alpha \) and shape parameters \( k_1 \) and \( k_2 \) respectively. Using (3), the pdf of delivery time \( X = W_1 + W_2 \) is gamma distributed and is defined by the random variable \( X \sim \text{Gamma}(\alpha, k_1 + k_2) \). Restating (4) with \( f_A(x) \) defined in terms of the gamma pdf leads to (see Appendix I for derivation)

\[ Y = QH \left[ \frac{c_1^\gamma(k, \alpha c_1)}{\Gamma(k)} - \frac{\gamma(k + 1, \alpha c_1)}{\alpha \Gamma(k)} \right] + \]
\[ K \left[ \frac{\Gamma(k + 1, \alpha c_2)}{\alpha \Gamma(k)} - \frac{c_2 \Gamma(k, \alpha c_2)}{\Gamma(k)} \right]. \] (5)

The advantage of using the gamma based delivery performance model defined by (5) over the Gaussian model is illustrated in the two figures below. First, as seen in Figure 2, the gamma based model is more general than the Gaussian model (G) in its application since it does not require that the delivery distribution exhibit symmetry. Second, as illustrated in Figure 3, the gamma model can be applied to evaluate the cost of untimely delivery for all possible values of the mean and variance of delivery time. For the range of values for the mean and variance displayed in Figure 3, a Gaussian based delivery model would underestimate the true total cost of untimely delivery as a result of the high probabilities of negative delivery times that would occur when \( \mu < 4\sigma \).

**SUMMARY AND DIRECTIONS FOR FUTURE RESEARCH**

In this paper we have presented a model for evaluating the expected cost of untimely delivery to the end customer in a supply chain when delivery times are gamma distributed. The model presented herein overcomes two limitations in the Gaussian based models found in the literature: i) the gamma model is applicable for a wide range of delivery distributions and is not constrained to be symmetric, and ii) the gamma model is defined for only positive delivery values and hence can be used to model delivery distributions in which a Gaussian model cannot be applied.

There are several aspects of this research that can be extended. First, we can expand the scope of the model to include multiple products. Second, we could
relax the assumption of independence among stage activity times. Lastly, we could determine the optimal width and placement of the delivery window within the delivery distribution.

APPENDIX

When delivery time is gamma distributed the expected penalty cost for late delivery is

\[ Y_{\text{late}} = K \int_{c_2}^{\infty} (x - c_2) f_\alpha(x) \, dx \]  

(A1)

\[ = K \left[ \int_{c_2}^{\infty} \frac{x^k e^{-\alpha x}}{\alpha^k k!} \, dx - \frac{c_2^k e^{-\alpha c_2}}{\Gamma(k)} \right] \]  

(A2)

Substituting \( u = \alpha x \), \( du = \alpha \, dx \) and changing the lower limit of the integral from \( x = c_2 \) to \( u = \alpha x = \alpha c_2 \) yields

\[ Y_{\text{late}} = K \left[ \int_{c_2}^{\infty} \frac{u^k e^{-u}}{\alpha^k k!} \, du - \frac{c_2^k e^{-\alpha c_2}}{\Gamma(k)} \right] \]  

(A3)

Examining (A3), it is noted that the integrals are of the form of the incomplete gamma function

\[ \Gamma(a, x) = \int_{x}^{\infty} e^{-t} t^{a-1} \, dt \]  

(A4)

For the first integral in (A3), the parameters of (A4) are defined as \( a-1=k \) and \( x = \alpha c_2 \), which gives \( \Gamma(k+1, \alpha c_2) \). For the second integral in (A3), \( a-1=k-1 \) and \( x = \alpha c_2 \), which gives \( \Gamma(k, \alpha c_2) \).

Hence,

\[ Y_{\text{late}} = K \left[ \frac{\Gamma(k+1, \alpha c_2)}{\alpha^k k!} - \frac{c_2^k e^{-\alpha c_2}}{\Gamma(k)} \right] \]  

(A5)

The expected earliness cost is defined as

\[ Y_{\text{early}} = QH \int_{-\infty}^{c_1} (c_1 - x) f_\alpha(x) \, dx \]  

(A6)

\[ = QH \left[ \left( c_1 - c_2 \right) \int_{c_2}^{c_1} \frac{x^k e^{-\alpha x}}{\alpha^k k!} \, dx - \frac{c_1^k e^{-\alpha c_1}}{\Gamma(k)} \right] \]  

(A7)

Substituting \( u = \alpha x \), \( du = \alpha \, dx \) and changing the upper limit of the integral from \( x = c_1 \) to \( u = \alpha x = \alpha c_1 \) yields

\[ Y_{\text{early}} = QH \left[ \left( c_1 - c_2 \right) \int_{c_2}^{c_1} \frac{u^k e^{-u}}{\alpha^k k!} \, du - \frac{c_1^k e^{-\alpha c_1}}{\Gamma(k)} \right] \]  

(A8)

Examining (A8), the integrals are of the form of the incomplete gamma function

\[ \gamma(a, x) = \int_{0}^{x} e^{-t} t^{a-1} \, dt \]  

(A9)

For the first integral in (A8), the parameters of (A9) are defined as \( a-1=k-1 \) and \( x = \alpha c_1 \), which gives \( \gamma(k, \alpha c_1) \). For the second integral in (A8), \( a-1=k \) and \( x = \alpha c_1 \), which gives \( \gamma(k+1, \alpha c_1) \). Hence,

\[ Y_{\text{early}} = QH \left[ \frac{c_1 \gamma(k, \alpha c_1)}{\Gamma(k)} - \frac{\gamma(k+1, \alpha c_1)}{\alpha^k k!} \right] \]  

(A10)

Combining (A5) and (A10) gives (5).

REFERENCES


THE IMPACT OF STRATEGIC SUPPLIER PARTNERSHIP AND INFORMATION QUALITY ON SUPPLY CHAIN FLEXIBILITY AND ORGANIZATIONAL PERFORMANCE

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Sudharani Ravindran, PSG Institute of Management

ABSTRACT

Supply chain initiatives are of increasing importance to management due to their proven business benefits. This research effort examines the relationships between information quality, strategic supplier partnerships, supply chain flexibility, and organizational performance for small manufacturing firms in India. Organizations depend on suppliers to deliver raw materials on time and in the correct quantity and quality. An organization also needs information flowing to and from its trading partners. Today’s firm has to be flexible if it is to survive. The flexibility of a firm should also lead to better performance over time. This paper examines the impact of strategic supplier partnerships and information quality on supply chain flexibility and indirectly on the firm’s performance.

Long term cooperation between the firm and its suppliers that emphasizes joint planning and problem solving is the basis for a strategic supplier partnership. To have a flexible supply chain system, it is important to have strategic collaboration not only between the internal functional groups of the firm but also with critical suppliers to ensure effective firm performance. Information quality refers to the reliability of information being exchanged among trading partners. Supply chain flexibility is the capacity of the organization to respond to any change concerning its trading partners. As managers seek out opportunities to improve their firm, there is a need to concentrate on issues that can impact performance, along with those that can impact firm cooperation and facilitate an improvement in productivity and efficiency. We hypothesize that information quality and strategic supplier partnership have a direct positive relationship with supply chain flexibility and that supply chain flexibility will have a direct positive relationship with organizational performance.

Based upon the hypotheses we developed a study model. The study sample consisted of the owners of 75 small scale manufacturing firms in Coimbatore, India. We tested the hypothesized model using the Partial Least Squares method. Study results indicated that all three hypotheses were supported. Hence, we conclude that for a firm to improve performance it must improve its partnerships with suppliers and also the quality of information exchanged between the firms. Once this is achieved, the firm will become more flexible and perform better.

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THE ROLE OF COSMOPOLITANISM IN CONSUMER CHOICE BEHAVIOR

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Oliver Parts, Tallinn University of Technology
Michelle B. Kunz, Morehead State University

ABSTRACT

This study examines the role of consumer cosmopolitanism on foreign product purchase behavior. Results confirm the strong total effect of consumer cosmopolitanism in purchase behavior and indicate a strong direct effect on behavioral outcome. Results did not confirm a direct relationship between cosmopolitanism and consumer knowledge of brand origins.

INTRODUCTION

Country of origin and its impact on consumers’ perceptions of products has been examined for decades. Consumers’ perceptions are often stereotypical, impact consumer attitudes, purchase intentions and behavior (Laroche et al., 2005; Peterson & Jolibert, 1995; Pharr, 2005). This study examines consumer cosmopolitanism as an underlying component in consumer preferences, relative to foreign products and brands. Sociologist Merton (1957), employed the term cosmopolitanism when referring to individuals oriented towards the outside world, rather than to their home community. Reifler & Diamantopoulos (2009) conducted a recent review of literature in this area, and determined there are still many questions concerning its effects and appropriate measurement. The direct effects of cosmopolitanism on consumer behavior regarding the favor of foreign products brands has rarely been examined, and its role in relation to consumer ethnocentrism has not been resolved (Javalgi et al., 2005; Suh & Kwon, 2002, Vida, Dmitrovic & Obadia, 2008).

Recently, researchers have questioned the role of product national origin on consumers’ evaluative processes and behaviors (e.g., Liefeld, 2004; Pharr, 2005; Samiee, Shimp & Sharma, 2005), while study by Balabanis and Diamantopoulos (2008) recommended further research address the possibility that inaccurate knowledge of a stimulus brand’s national origin influences consumer actions. This current study is designed to investigate the gaps identified in the literature on the role of cosmopolitanism on consumer foreign vs. local purchase behavior. The purpose of the study is to investigate direct effects of consumer cosmopolitanism on foreign product purchase behavior, as well as considering indirect effects via consumer ethnocentrism and consumer knowledge of brand origins in three major consumer product categories.

REVIEW OF LITERATURE

Merton authored the concept of cosmopolitanism in 1957. He proposed that there are individuals who are not narrowly focused on their position in a nation or local community. Rather, these individuals view themselves as citizens of the world, rather than a nation, or of their nation, rather than their local community. Several authors have addressed cosmopolitanism as a component of consumer orientation with implications for marketing practice. While studies have defined cosmopolitanism somewhat differently, the results indicate that opportunities to interact with other cultures and people of other cultures tend to reduce cultural prejudice and consumer ethnocentrism (Sharma, Shimp & Shin, 1995), cosmopolitanism leads to improved perceptions of foreign products (Dinnie, 2004; Rawwas, Rajendran & Wuehrer, 1996) and increases individuals’ desire to travel and seek experiences in other cultures (Cannon & Yaprak, 2002; Thompson & Tambya, 1999). Reifler and Diamantopolous (2009) recently reviewed cosmopolitanism in marketing research, and concluded that the construct holds great promise in explaining consumers’ foreign product purchase behavior, but the existing instruments used to measure cosmopolitanism and similar constructs are not robust.

As mentioned earlier, the other construct commonly used to explain consumer preference for domestic versus foreign products or brands is ethnocentrism. Shimp (1984) defined ethnocentric
consumers as those who believed it was unpatriotic to purchase foreign-made products, as it would result in job loss, and hurt the domestic economy. Other studies (Cleveland, Laroche & Papadopoulos, 2009; Rawwas, Rajendran, & Wuehrer, 1996; Sharma, Shimp & Shin, 1995; Upadhyay & Singh, 2006; Vida, Dmitrovic & Obadia, 2008) have confirmed ethnocentric consumers’ preferences for domestic products over imported goods.

Aboulnasr (2006) found consumers categorize products/brands by assigning them to a “country” category, but that much of consumers’ learning is unstructured, and results in imperfect and biased knowledge. This leads to criticism of country-of-origin research, when consumers rely on a product’s national origin in determining their purchase behavior. Research has found consumer knowledge of the actual national origin of products and brands to be inaccurate (Liefeld, 2004; Pharr, 2005). In fact, Samiee, Shimp & Sharma, (2005) found consumers associate brands’ names with various languages, rather than actual knowledge of the brand’s national origins. Balabanis and Diamantopoulos (2008) came to much the same conclusion, and recommended researchers account for the possibility of inaccurate consumers’ knowledge of stimulus brand’s national origins when investigating consumer purchase behavior. Therefore, we acknowledge the importance of consumer brand origin knowledge in our investigation of the role of cosmopolitanism in consumer purchase behavior. For this study, cosmopolitanism is defined as conceptualized by Riefler and Diamantopoulos (2009) “a cosmopolitan consumer can be described as: an open-minded individual whose consumption orientation transcends any particular culture, locality or community and who appreciates diversity including trying products and services from a variety of countries.” (p.415). The following research hypotheses are developed:

H1: Cosmopolitanism has a direct and positive effect on Foreign Product Purchasing Behavior (FPPB).
H2: Cosmopolitanism has a direct and positive effect on consumer Knowledge of Brand Origins (KBO).
H3: Cosmopolitanism has direct and negative effect on Consumer Ethnocentrism (CE).
H4: CE is negatively related to consumer Knowledge of Brand Origin (KBO).
H5: KBO is significantly and positively related to Foreign Product Purchasing Behavior (FPPB).

RESEARCH METHODS

The model for the study was tested via store and outdoor intercept survey method using a sample of adult consumers in an Eastern European country that joined the EU in 2004. A quota sampling method based on gender, age and income was applied. Personal interviews with the respondents took, on the average, about 15 minutes. The final sample consisted of 261 respondents with the response rate of approximately 30%. The sample consisted of more women than men (52.90%). The average age of the sample was slightly over 45 years (SD of 17.29). Respondents who claimed to have above-average or below-average income were almost equally represented in the sample (18.0% and 15.90%, respectively). With respect to employment status of the sample, two large groups evolved: employed and retired people (53.10% and 27.10 %, respectively).

Construct measures were derived from the existing literature and adapted to an Eastern European country cultural context based on the guidelines established by Craig and Douglas (2000). Cosmopolitanism (CP) was measured with three Likert-type items from the Rawwas, Rajendran & Wuehrer (1996) worldmindedness scale. The reduced five-item version of CETSCALE (Shimp and Sharma, 1987) was used to measure consumer ethnocentrism. We used seven-point Likert-type scaled ranging from 1 (absolutely disagree) to 7 (absolutely agree).

The measure of consumer knowledge of brand origins (KBO) was adapted from Samiee, Shimp & Sharma (2005) research on Brand Origin Recognition Accuracy (BORA). Respondents were asked to identify the national origin of domestic and foreign brands in three different product categories: alcohol products, clothes and furniture. The respondents were presented with two foreign and two domestic brands in each of the product categories and they had to correctly identify the country of the brand from the list of six countries listed in the questionnaire. Foreign product purchasing behavior (FPPB) was measured for alcohol products, clothes, and furniture using a 5-point semantic differential scale, whereby one extreme indicated, “I buy only domestic brands in this product category,” and the other extreme indicated, “I buy only foreign brands in this product category.” (EIER, 2009).
DATA ANALYSIS AND RESULTS

Data were analyzed via a structural equation modeling (SEM) method using Lisrel 8.8 software. Following Gerbing and Anderson’s (1988) recommendations, the analysis was conducted in two steps. A measurement model was analyzed first, followed by the evaluation of a structural model in order to assess the hypothesized relationships between constructs. Reliability of the scales was established using composite reliability (rho), which ranged from 0.73 to 0.94 -- well above the 0.7 recommendation by DeVellis (2003). The validity of each of the scales was tested with confirmatory factor analysis (CFA) (Joreskog & Sorbom, 1993). The final measurement model included four latent constructs and the 13 indicators used to measure them. The fit statistics of the model indicate a very good fit to the data with RMSEA of 0.045 and SRMR of 0.043 and other indices (GFI, NFI, NNFI, CFI, RFI) well over 0.9. The convergent validity of scales was tested through examination of the t-values of the Lambda-X matrix (Baggozi, 1981). Ranging from 3.45 to 15.88, all values were well above the 2.00 level specified by Kumar, Stern & Achrol (1992). The average variance extracted (AVE) ranged from 0.56 to 0.81, exceeding 0.50 for all constructs (Fornell & Larcker, 1981). Discriminant validity was assessed by setting the individual paths of the Phi matrix to 1 and testing the resultant model against the original (Gerbing & Anderson, 1988) using the D statistics (Joreskog & Sorbom, 1993). The high D squared statistics indicated that the confirmatory factor model for the scales fit significantly better than the constrained models for each construct, thus showing discriminant validity. Next, the structural model was run to test the hypothesized relationships between constructs. The Chi-squared statistic was significant, and the rest of the structural model fit measures indicate the data conformed well to the model (i.e., RMSEA of 0.059; standardized RMR of 0.052 -- slightly higher than the recommended value of 0.05; GFI, NFI, NNFI, CFI, RFI all over 0.9). As indicated in Table 1 showing the results of t-statistics from the structural model, four hypotheses are confirmed. We found a direct positive effect of cosmopolitanism on FPPB (H1), a strong negative and significant relationship between cosmopolitanism and consumer ethnocentrism (H3), an inverse relation between consumer ethnocentrism and knowledge of brand origin (H4), and a positive and significant relationship between knowledge of brand origin and foreign product purchase behavior (H5). On the other hand, no support was found for the relationship between cosmopolitanism and consumer knowledge of foreign brands (H2).

DISCUSSION AND CONCLUSIONS

While cosmopolitanism has been widely studied in recent years, previous research has rarely explored direct effects of cosmopolitanism on behavioral outcomes and actual consumer knowledge of brand national origin has seldom been examined (Balabanis & Diamantopoulos, 2008; Liefeld, 2004). To fill these research gaps in the literature, we surveyed adult consumers in a small EU member country. Based on our findings, two important conclusions can be drawn with respect to effects of cosmopolitanism on consumer purchase preferences for foreign versus local products. Our results confirm cosmopolitanism exhibits a direct and positively significant effect on FPPB, suggesting that the segment of consumers characterized as the world citizen has a greater tendency to purchase foreign rather than domestic brands in the three product categories investigated, i.e., alcohol, clothes and furniture. Furthermore, the indirect effects of cosmopolitanism on FPPB have been established through consumer ethnocentrism and consumer knowledge of brand origins.

Our empirical study found no support for the direct relationship between cosmopolitanism and consumer knowledge of brand origins, suggesting worldly individuals who are open to foreigners do not necessarily assess the national origin of brands more accurately than less cosmopolitan consumers. This hypothesis was largely exploratory in nature as we were able to identify only one study examining the impact of international experience on brand origin recognition accuracy, - BORA (Samiee, Shimp & Sharma, 2005). In that study, BORA was measured separately for foreign brands and domestic brands, but not for overall consumer brand origin knowledge as in the present empirical study. Clearly, in order to draw more reliable conclusions, this relationship needs to be explored in future research. With respect to consumer ethnocentrism, our findings are in line with Sharma, Shimp & Shin’s (1995) original model in that consumer positive orientation towards the outgroups directly affects an individual’s ethnocentric tendencies, and thus, reduces consumer prejudice towards imports, and ultimately affects purchase behavior through consumer knowledge of brand origins. Furthermore, we confirmed that in general, more ethnocentric consumers are less knowledgeable about the overall brand origins. This is consistent with the findings of Balabanis and Diamantopoulos (2008), who concluded consumers country of origin classification performance is negatively related to the degree of ethnocentrism. On the other hand, this result is only partially consistent with Samiee, Shimp & Sharma (2005). They found CE is positively related to BORA for domestic brands but negatively
to BORA for foreign brands. Lastly, our empirical results suggest that consumer ability to correctly identify brands national origin is positively related to their purchase behaviors in favor of foreign products. While largely exploratory, we proposed and found consumer knowledge of brand origins is a mediating variable between consumer ethnocentrism and purchase behavior in favor of foreign products. This finding suggests ethnocentric consumers exhibit preference for domestic products and have poorer overall knowledge of domestic and foreign brand origins.

STUDY LIMITATIONS AND FUTURE RESEARCH

Several limitations in this study can be identified, and provide questions for future research. First, in this study we examined direct and indirect effects of consumer cosmopolitanism on consumer purchase behavior in favor of foreign relative to domestic purchase behavior rather than on two separate measures of domestic and on foreign product consumption. Previous studies have shown that the impact of cosmopolitanism and ethnocentrism vary according to whether the outcome measure is conceptualized as domestic or foreign consumption (Balabanis & Diamantopoulos, 2004; Suh & Kwon, 2002). Hence, future studies may need to account for that. Second, given the exploratory nature of this study focusing on a new market context, we have only examined consumer foreign vs. domestic purchase behavior for three product categories (alcohol, clothes and furniture), which was consistent with availability of domestic and foreign choice alternatives in the small national market under investigation. Future examinations of consumer choice alternatives should include other relevant product categories and examine the cosmopolitanism effects separately for each product category. Third, our measure of consumer knowledge of brand origin was delimited to three product categories with two domestic and two foreign brands and six national origins for each brand. Considering respondents only matched 16 brands to the six country of origins from our list, the measure may not have accurately captured consumer general brand origin knowledge. Future studies will need to improve the measure of KBO and retest the direct relationship between cosmopolitanism and consumer knowledge of brand origins.

REFERENCES


Table 1. Hypotheses Testing and Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Antecedent</th>
<th>Criterion variable</th>
<th>Estimate</th>
<th>t-value</th>
<th>Result</th>
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<tr>
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<td>Cosmopolitanism</td>
<td>FPPB</td>
<td>0.13</td>
<td>3.35</td>
<td>Supported</td>
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<tr>
<td>H2</td>
<td>Cosmopolitanism</td>
<td>KBO</td>
<td>-0.01</td>
<td>-0.46</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H3</td>
<td>Cosmopolitanism</td>
<td>Consumer ethnocentrism</td>
<td>-0.38</td>
<td>-3.19</td>
<td>Supported</td>
</tr>
<tr>
<td>H4</td>
<td>Consumer ethnocentrism</td>
<td>KBO</td>
<td>-0.03</td>
<td>-3.95</td>
<td>Supported</td>
</tr>
<tr>
<td>H5</td>
<td>KBO</td>
<td>FPPB</td>
<td>1.29</td>
<td>3.65</td>
<td>Supported</td>
</tr>
</tbody>
</table>
EXPLORING THE IMPACT OF SELF-AWARENESS ON CONSUMER BRAND EXPERIENCES

Matthew Stark, Siena College
Raj Devasagayam, Siena College

ABSTRACT

This study introduces the consumer (human) element into the multidimensional brand experience framework published by Brakus, Schmitt, and Zarantonello (2009). We provide an empirical analysis of how brand experiences and their dimensions are impacted by a consumer’s level of public and private self-awareness. Existing scales for brand experience and self-awareness are utilized in the analysis. The scales are validated and tested for consistency with a convenience-based random sample of 214 respondents. The findings of this study provide a statistically significant link between self-awareness and how consumers experience brands. Overall, this study contributes to the broadening of our understanding of brand experience as a critical incident in building valuable customer relationships.

INTRODUCTION

Brand experience is an emerging construct in marketing literature that offers researchers and practitioners alike a chance to further understand how consumers interact with the brands of their choice. Operationalized by Brakus, Schmitt, and Zarantonello (2009), brand experience is defined as being a consumer’s response to a brand-related stimulus. Brand experience is seen as being distinct from other brand related constructs such as loyalty, attachment, delight, and attitudes. Brand experience is conceptualized as an immediate response elicited by the brand such that it precedes satisfaction, loyalty, or attachment. It is logical that consumers must first experience the brand in order to form rational judgments, attitudes, or attachments. We believe that the initial brand experience is critical to engaging consumers in a relationship and therefore brand experience is the key to achieving other favorable brand constructs. However, the analysis of brand experience should include a study of brand experiences as a result of not only brand stimuli but also the unique consumer engaging in the experience. All brand experience is truly an amalgamation of the brand and the consumer interaction. The current research in the area seems to overlook this important aspect of the brand experience construct.

This research addresses a gap in the literature by incorporating an important piece of the brand experience puzzle: the consumers themselves. Past research is silent in regards to the unique traits of brand experience-seeking consumers. Much of the focus, instead, is directed to the actual brand stimuli. However, we posit that a consumer’s level of self-awareness will influence the intensity and type of brand experience. Brand managers and companies design the brand to create an overall brand experience, but what do the consumers bring to the interaction? In every endeavor, consumers bring their own values, opinions, standards, attitudes, psychographics and demographics, to the consumption experience. We rely on self-awareness theory to provide insights into the consumer part of the brand experience. Self-awareness is a psychographic construct that has been studied in great detail in the marketing literature, it provides insights into how consumers perceive the world and function as decision makers.

Using existing scales in brand experience and self-awareness theory we conduct an empirical analysis based on primary data. We begin by reviewing the literature in each theoretical area of interest, brand experience and self-awareness. We then proceed to propose our hypotheses; in the subsequent section we discuss our methodology and findings. We close by drawing attention to some of the managerial implications of this study and possible future research avenues.

BRAND EXPERIENCE

Brand experience is an innovative marketing construct set forth by Brakus, Schmitt, and Zarantonello (2009). Being a recently introduced construct little has been published in the area of brand experience. However, the impact brand experience promises to have on marketing strategies warrants further investigation. Brand experience is defined by the original authors as being a consumer’s sensory,
affective, behavioral, or intellectual response to brand-related stimuli.

Brakus, Schmitt, and Zarantonello (2009) make a significant contribution in offering a valid and reliable scale for measuring the strength of a brand experience and its four dimensions. Their research shows a positive relationship between strong brand experiences and customer satisfaction and customer loyalty. Based on these findings one could infer that brand experience, at the very least, presents an opportunity to increase customer lifetime value.

In a subsequent article, (Zarantonello and Schmitt 2010) a typology of experience-seeking consumers is presented. Five customer types emerged: hedonistic, action-oriented, holistic, inner-directed, and utilitarian. The analysis was successful in establishing a difference between brand experiences sought by consumers. However, Zarantonello and Schmits proposed clusters don't reflect the possibility that consumers may have a predisposition towards certain types of experiences based on their psychographic characteristics. In order to account for this challenge, our analysis studies each respondent's psychological traits across multiple brand types, and we propose a well-established theory from psychology to provide some insights into self-awareness theory.

SELF-AWARENESS

Self-awareness has been the subject of academic investigations for decades with significant advances made in every decade since it was introduced in the clinical psychology literature in the early seventies (see Wicklund, Ickes, Ferris 1973; Diener 1979; McDonald 1980; Scheier and Carver 1983; Higgins 1987; Duval, Duval, Mulilis 1992; Trappnell and Campbell 1999; Silvia 2001; Goukens, DeWitte, Warlop 2009). The initial publication by Shelley Duval and Robert Wicklund in 1972, proposes that objective self-awareness results from directing one’s attention towards oneself. In their path-breaking work, the authors conceptualized that an individual can only focus their conscious attention either externally (towards their environment) or internally (towards themselves) but not both simultaneously. Self-Awareness was said to catalyze an immediate comparison between the self and a set of standards. Duval and Wicklund originally defined standards as a mental representation of correct behavior, attitudes, and traits (Duval and Wicklund, 1972). Being objectively self-aware requires an individual to look inward and compare themselves to a set of standards. A gap between the self and the individual’s standards was said to induce negative feelings and motivate the individual to close such gaps so that a person’s actions were congruent with what they perceived to be correct behavior (Higgins 1987; Duval, Duval, and Mulilis 1992).

Later work (Fenigstein, Scheier, and Buss 1975; Buss 1980; Carver and Scheier 1981; Froming, Walker, and Lopyan 1982) in self-awareness theory establishes two distinct types of self-awareness: public and private. Private self-awareness occurs when an individual focuses attention inward and uses their own personal standards for evaluation of choices and behaviors. Engaging in private self-awareness before making a decision involves consulting with your own feelings, values, and conceptions. For example, consider a purchase situation for an item of clothing. If you are highly privately self-aware you may consider how the color makes you feel, whether the item fits with how you see yourself, or whether you have personally enjoyed a similar item in the past. Often an individual is seen commenting on how a color is their own, red is my color.

Public self-awareness involves an individual’s perception of how they are viewed by others. People high in public self-awareness are likely to consult external and societal norms and standards as a basis for engaging in behaviors (Froming, Walker, and Lopyan 1982). If you were to engage in public self-awareness you would likely consider how the garment will make you look to others when making a purchase decision. Members of your reference group, fashion trends, and society in general will influence your decision more so than your own personal feelings and attitudes. A comment by a friend, black is so your color, could positively influence a purchase decision in this case.

Having discussed the past literature, in the following section we build upon the conceptual foundations of the brand experience theory and the self-awareness theory to develop an empirically testable framework.

HYPOTHESIS DEVELOPMENT

Self-awareness is an indicator of how a consumer focuses their attention both internally and externally (Duval and Wicklund, 1972). Essentially, self-awareness can be conceptualized as a lens through which a consumer experiences not only a brand but their entire human existence. Acting as an internal controller of attention, self-awareness is a powerful cognitive mechanism. We therefore posit that such an integral part of human experience is likely to be part of a consumer brand experience as well. As studies (Goukens, DeWitte, and Warlop 2009) have shown, levels of private and public self-awareness impact how consumers see themselves and in turn make choices. Considering this logic, it stands to reason that self-awareness will exhibit a significant impact on brand experiences. In order to fully understand how
comprehensive the relationship between one’s self-awareness and how they experience brands we test each dimension of brand experience and then move to the overall composite brand experience construct.

H1. Overall, Self-awareness has a statistically significant impact on brand experience.

H2. Private self-awareness has a statistically significant impact on overall brand experience.

H3. Public self-awareness has a statistically significant impact on overall brand experience.

H4. Private self-awareness has a statistically significant impact on:
   A. the Sensory dimension of brand experience
   B. the Affective dimension of brand experience
   C. the Intellectual dimension of brand experience
   D. the Behavioral dimension of brand experience

H5. Public self-awareness has a statistically significant impact on:
   A. the Sensory dimension of brand experience
   B. the Affective dimension of brand experience
   C. the Intellectual dimension of brand experience
   D. the Behavioral dimension of brand experience

**METHOD**

**Scales Used**

The current study harnesses the power of extant literature by utilizing time-tested scales in psychology and marketing. To measure brand experience we included the four-factor scale created and validated by Brakus, Schmitt, and Zarantonello (2009). Although recently created, this scale was subjected to multiple studies and found to be reliable, valid, and consistent across products categories by the original authors.

In order to capture our independent variables (private and public self-awareness) we included the Self-Consciousness Scale originally published by Fenigstein, Scheier, and Buss in 1975. The scale has been used effectively in research for decades (Monfries and Kafer 1994; Jaimovich 1999; Klages et al 2004; Goukens, DeWitte, and Warlop 2009). We also considered a revised version of the scale (Scheier and Carver 1985) created for use with the general population. However, it was decided that our intended sample profile would not require a modified version of the scale.

**Scale Reliability**

In order to ensure valid and reliable results, an analysis of the scales used was conducted. In order to improve reliability 1 item from each brand experience dimension was deleted. In determining the reliability of the private self-awareness scale we found it necessary to delete 2 of the 10 items. Lastly, as brand experience is a multi-dimensional construct it was necessary to subject the now 8-item brand experience scale to a confirmatory factor analysis. The items and their factor loadings can be found in Table 1 below.

**Questionnaire Design and Pre-Test**

An early version of the questionnaire was tested with an initial sample (n = 23) that comprised of marketing professors, as well as Ph.D. and MBA students. This pre-test provided excellent feedback on the design and structure of our questionnaire which we took into consideration when making alterations. Resulting changes to the original questionnaire included adjusting the phrasing of instructions, rearranging scale items for better flow, and overall length and timing adjustments. To test for difference among groups there are standard demographic questions at the end of the questionnaire. The questionnaire was approved by the institutional review board and then administered nationally via the web through an online survey service. The online survey format provided ease of use for the respondents and more convenient and accurate data collection for the researchers. The subsequent analysis is based on a convenience based random sample of 214 individuals.

**RESULTS**

In order to determine the statistical significance of our various hypothesized relationships, regression analysis was utilized. In particular each model was subjected to a linear regression analysis from which we report the p-values. In testing our first hypothesis we combined both public and private self-awareness as independent variables and combined all four dimensions of brand experience into our dependent variable. The resultant model was not statistically significant. However, further diagnostics revealed this result to be nonsignificant not due to a lack of impact but rather multi-collinearity between the two self-awareness variables.

Our attention next shifted to private and public self-awareness as separate independent variables impacting the composite brand experience construct. The results were promising as both private and public self-awareness exhibited a statistically significant impact on brand experience as a whole. This result confirmed our initial theoretical inclinations that being self aware (private or public) at any level does have a bearing on how consumers experience the brands they interact with.
Table 1.

<table>
<thead>
<tr>
<th>Brand Experience Scale (α = .791)</th>
<th>Sensory</th>
<th>Affective</th>
<th>Intellectual</th>
<th>Behavioral</th>
<th>Descriptives m</th>
<th>Sd</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>This brand makes a strong impression on my visual senses or other senses.</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
<td>4.94</td>
<td>1.66</td>
</tr>
<tr>
<td>I find this brand interesting in a sensory way.</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
<td>4.60</td>
<td>1.72</td>
</tr>
<tr>
<td>This brand induces feelings and sentiments.</td>
<td>0.82</td>
<td></td>
<td></td>
<td></td>
<td>3.91</td>
<td>1.70</td>
</tr>
<tr>
<td>This brand is an emotional brand.</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
<td>3.20</td>
<td>1.63</td>
</tr>
<tr>
<td>I engage in physical actions and behaviors when I use this brand.</td>
<td>0.84</td>
<td></td>
<td></td>
<td></td>
<td>3.98</td>
<td>1.94</td>
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<tr>
<td>This brand results in bodily experiences.</td>
<td>0.85</td>
<td></td>
<td></td>
<td></td>
<td>3.85</td>
<td>1.89</td>
</tr>
<tr>
<td>I engage in a lot of thinking when I encounter this brand.</td>
<td>0.83</td>
<td></td>
<td></td>
<td></td>
<td>3.09</td>
<td>1.65</td>
</tr>
<tr>
<td>This brand stimulates my curiosity and problem solving.</td>
<td>0.86</td>
<td></td>
<td></td>
<td></td>
<td>2.87</td>
<td>1.71</td>
</tr>
</tbody>
</table>

Table 2.

<table>
<thead>
<tr>
<th>Independent Variable(s)</th>
<th>Dependent Variable</th>
<th>Significance (p-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Self-awareness</td>
<td>Brand Experience Composite</td>
<td>.232</td>
</tr>
<tr>
<td>Public Self-awareness</td>
<td>Brand Experience Composite</td>
<td>.001*</td>
</tr>
<tr>
<td>Public Self-awareness</td>
<td>Brand Experience Composite</td>
<td>.000*</td>
</tr>
<tr>
<td>Private Self-awareness</td>
<td>Brand Experience Composite</td>
<td>.018*</td>
</tr>
<tr>
<td></td>
<td>Sensory Experiences</td>
<td>.052**</td>
</tr>
<tr>
<td></td>
<td>Affective Experiences</td>
<td>.212</td>
</tr>
<tr>
<td></td>
<td>Behavioral Experiences</td>
<td>.428</td>
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<tr>
<td></td>
<td>Intellectual Experiences</td>
<td>.003*</td>
</tr>
<tr>
<td>Private Self-awareness</td>
<td>Intellectual Experiences</td>
<td>.013*</td>
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<td>Public Self-awareness</td>
<td>Behavioral Experiences</td>
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<tr>
<td></td>
<td>Affective Experiences</td>
<td>.007*</td>
</tr>
<tr>
<td></td>
<td>Sensory Experiences</td>
<td>.000*</td>
</tr>
</tbody>
</table>

*Significant at p < .05 level
**Significant at p <.10 level
To delve deeper into the nature of brand experience we subsequently tested each individual brand experience dimension for a relationship to self-awareness. Private self-awareness exhibited a statistically significant impact on sensory and intellectual brand experiences. The disconnect between private self-awareness and the behavioral component of brand experience was somewhat expected. The reflective internal process of being privately self-aware is counter to the externally focused nature of behavioral responses to brands. It was unexpected to find no statistically significant relationship between private self-awareness and affective brand experiences as we had expected such an emotional component to be closely tied to private self-awareness.

Next the public self-awareness scale was used as an independent variable for each brand experience dimension. Each and every component: sensory, affective, behavioral, and intellectual were significantly impacted by public self-awareness. This overwhelming result may be indicative of how much consumers are impacted by the image they attempt to portray to others in the external environment. The results of each linear regression analysis are summarized in Table 2.

CONCLUDING REMARKS

The results of this study provide promising empirical evidence for self-awareness as an antecedent to brand experience. Practitioners looking to design an effective brand experience should take notice of the self-awareness factor. Knowledge of the consumers in a given target segment must move beyond demographic data and spending patterns. To truly craft an outstanding brand experience marketers must begin with a keen understanding of how the consumers physically and cognitively interact with the brand. A first step would be in learning which direction your consumers are aiming their attention. If high public self-awareness is prevalent in the segment, practitioners can expect a group experience to be more effective. In this situation the brand experience that embraces societal standards (public SA) would, theoretically, be more effective than one that encourages the consumer to look inward (private SA). The current study is a critical step in advancing the knowledge and development of brand experiences as an effective marketing strategy.

Regardless of whether an individual is more prone to public self-awareness or private self-awareness, it is useful for marketers to know whether a consumer is acting based on internal standards or externally imposed standards. The most effective marketers are those who understand the decision making process of their target customers. They act as a lens through which a consumer perceives the choices that lay ahead.

Our study has added to the marketer’s knowledge by investigating how these lenses of the consumer decision process impact brand experiences.

Further investigation into the area of brand experience will yield useful insights for marketing strategists. Marketing practitioners will be interested in how best to create brand experiences that appeal to the predispositions of their target markets. In addition to investigating the dimensions of brand experience it may also be useful to explore other possible demographic and psychographic factors that significantly impact the brand experience construct. What personality traits, lifestyles, cultural values, etc. have a bearing on brand experiences? And more importantly how can marketers effectively convert this knowledge into financial success? Future studies should build off of the existing research and contribute tactical recommendations for achieving desired outcomes.

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Duval, T.S. and Lalwani, N. (1999), Objective self-awareness and causal attributions for self-standard discrepancies: Changing self or changing standards of...


ABSTRACT

Heuristics of low involvement purchases of college students were examined in the context of fast food alternatives and compared to studies of other product categories and segments. The insights gained in this study correspond well to other studies on heuristics of low-involvement purchases. Managerial implications are provided.

INTRODUCTION

Consumer decision-making process is a subject that has been studied for decades in academia to attempt to uncover the processes that people use when making a choice between various alternatives. It has been studied by both marketers and psychologists and initially focused on the steps consumers use to evaluate complex decisions or those that require substantial cognitive effort. This research tended to focus on compensatory or noncompensatory traditional models, but others began to question if there were other ways that consumers evaluated alternatives for repeat purchases (Hoyer 1984, p. 822). In addition, there has been research done to explain the decision process as a habit (Ji and Wood 2007, p. 261) and as a tradeoff between effort and value (Mandrik 1996, p. 301).

This study examines low-involvement decision-making process of college students at a Midwestern University. Students were asked to evaluate their perceptions of pizza and complementary products through qualitative and quantitative research methods. Their low involvement heuristics were compared in terms of frequency of use across product categories and brands. These results were also compared to other studies using different product categories and segments.

THEORETICAL FRAMEWORK

Various studies have been done to explain decisions that involve low involvement products. These studies usually look at products that are purchased on a regular basis where consumers carry with them prior knowledge of the product and are influenced by the past behaviors. According to Ji and Wood (2007), “Purchases and consumption behaviors in daily life often are repetitive and performed in customary places, leading consumers to develop habits.” This fits well with the consumption pattern of college students that make repeat purchases of fast food products. The purchases of fast food products such as pizza on a college campus are typically made in similar locations and situations each time the decision arises (i.e. dorm rooms, fraternity, and sorority houses). The research by Ji and Wood (2007) supports this idea stating “participants bought fast food more frequently when they had established a habit to do so and when they intended to do so.” These habits formed by repeat purchases of products helps to reduce the amount of time spent evaluating alternatives during the decision making process.

Hoyer (1984) explains low-involvement decisions as an attempt “to make a satisfactory choice while minimizing cognitive effort.” This minimization of effort is supported by habits formed and information gained during prior purchase decisions of the same product. In addition, with low-involvement products, such as pizza, the risk of making a bad decision is limited. Hoyer examined the purchase of laundry detergent in a grocery store and recorded the amount of time it took the person to choose a product. He asked the person for the reasons involving making the choice. One hundred and twenty people were observed and the results were grouped into four main heuristics, price, performance, affect, and normative, that people employ in their decision-making process. The choice heuristic forms a rule of thumb consumers use to make very quick and effortless decisions when purchasing low involvement products (Hoyer 1984, p. 822). For example, by utilizing a price tactic such as “the cheapest product”, consumers minimize the effort required to evaluate alternatives on multiple attributes. Hoyer (1984) explains that the formation of these tactics occurs over an extended evaluation period where the purchase is made often and repeatedly. The main goal of Hoyer’s (1984) research is to support the notion that consumers form the tactics over time, use the tactic to minimize the effort involved...
in making the decision, and then reformulate the tactic with each subsequent purchase occasion. Our study examines similar tactics as they relate to the low involvement fast food product category.

The research done by Hoyer (1984) on repeat-purchase products was replicated by Leong (1993) who tested the simple choice tactics consumers use in Singapore during their decision making process. Leong’s (1993) research tested if similar results could be obtained using a different low-involvement product in a different culture. Once again, the data in the study reflected a decision with minimal cognitive effort by the consumer (Leong 1993, p. 193). In addition, the study found that consumers were similar in their “limited amount of pre-purchase deliberation” in the U.S. and Singapore (Leong 1993, p. 193). The result of the study by Leong (1993) validates the work done by Hoyer (1984). Both the Hoyer (1984) and Leong (1993) studies indicate performance as the number one choice tactic, followed by price.

Our study focused on three tactics; price/promotion, taste/performance, and normative behavior. Our goal was to examine which of these three tactics college students use more frequently when making their fast food decisions, and then compare the findings to Hoyer’s (1984) and Leong’s (1993) previous research.

Although this research supports a simple choice tactic when evaluating low-involvement decisions, Hoyer (1984) and Leong (1993) do not imply that the information gathering process over time is a simple one. Both studies have limitations when addressing the ways people are influenced over time and how to deal with those influences from a marketing perspective. In addition, the research mainly deals with a single attribute as the primary factor when making a decision. Another approach is to view low involvement purchases as process of dual choice tactics. The first choice tactic narrows the number of alternatives, and then the second tactic is used to make the final decision. This two stage process may explain better the low involvement decisions.

Dual stage decision-making process was suggested by Ursic and Helgeson (1990). They argued that this process can also be accomplished quickly, and therefore, limit the amount of cognitive effort required by the consumer. Ursic and Helgeson (1990) state that the “use of single-attribute, multiple-brand processing is also fast, since only one attribute is used to reduce the choice set.” Another interesting hypothesis that seems to be supported by their research is that “an increase in brands in the choice set will lead to more single-attribute brand elimination heuristics” (Ursic and Helgeson 1990, p. 69). That means that as the number of brands increases, the consumer will employ more a single-attribute elimination heuristic in order to decrease the alternatives in their consideration set in the second stage. Also stated by Ursic and Helgeson (1990), the greater the task complexity, the more accentuated the two stages of data processing are.

Overall, mostly the research on low-involvement products focused on the way consumers decrease their cognitive effort when evaluating alternatives during the decision making process. The use of choice tactics is central to consumers’ decision-making process but is constantly re-evaluating with repeat purchase products. The use of a stimulus such as coupon to divert consumers during low involvement decision can be indirectly explained by the price tactic where consumers consider the “cheapest price” after they took into consideration the discount. Other promotions could tie into performance or normative tactics depending on the advertised content. However, the studies do not explicitly address the relationship between stimuli and choice heuristics for low involvement products.

**METHODOLOGY AND RESULTS**

Data were gathered through both qualitative and quantitative research methods from college students and subject matter experts. In the qualitative stage, the purpose was to assess whether the three choice tactics, price/promotion, taste/performance, and normative behavior, were mentioned often by the respondents. The quantitative stage assessed (a) the relationship between choices of fast food product category and choice tactic and (b) the relationship between choice of brand and choice of tactic. These results were compared to Hoyer (1984) and Leong (1993) findings.

**Qualitative Stage**

A sample of twenty college students and five subject matter experts participated in depth interviews. Tables 1 and 2 present summaries of the themes emerged from the depth interviews.

Student respondents most frequently indicated (95%) that taste is important when making a fast food purchasing decision. Price combined with coupon promotion was the second most frequently mentioned in the interviews (65%). Delivery time (45%) and location (35%) were also mentioned as contributes to students’ fast food purchasing decisions. Expert responses were also consistent with student responses in stating that price (100%) and quality (80%) are contributing factors in student purchases of fast food items. Delivery (80%) was also mentioned as central to students’ decisions. Some expert respondents believed that website (60%) and TV commercials (60%) contribute to students’ decisions while students did not mention these factors in the in-depth interviews. Normative...
influence on the purchase was not mentioned by students or experts in the in-depth interviews either.

**TABLE 1. Themes Emerging in College Student Interviews (N=20)**

<table>
<thead>
<tr>
<th>Themes</th>
<th>%</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality/Taste of the pizza is an important factor in student’s decision making</td>
<td>95</td>
<td>“The taste and quality of the pizza is a major factor in choosing the pizza company, including elements such as sauce, crust, toppings, and other products.”</td>
</tr>
<tr>
<td>Low price is seen as positive in student’s minds</td>
<td>45</td>
<td>“Price was ultimately the largest deciding factor when it came to deciding where to order.”</td>
</tr>
<tr>
<td>Coupons/Promotions are a good thing to entice ordering from a particular pizza company</td>
<td>20</td>
<td>“Consumers like to save money and are more likely to order if they have a coupon.”</td>
</tr>
<tr>
<td>Service/Delivery time is important to students</td>
<td>45</td>
<td>“The group indicated that a reasonable delivery time would be about 25-30 minutes.”</td>
</tr>
<tr>
<td>Location/Convenience of the pizza place is important</td>
<td>35</td>
<td>“Location would be a factor because there are other pizza companies that are closer to campus.”</td>
</tr>
</tbody>
</table>

**TABLE 2. Themes Emerging in Subject Matter Expert Interviews (N=5)**

<table>
<thead>
<tr>
<th>Themes</th>
<th>%</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price or value for money is an important purchasing decision/strategy/factor</td>
<td>100</td>
<td>“Price is the biggest purchasing decision factor for college students.”</td>
</tr>
<tr>
<td>Quality/Taste is an important purchasing decision/strategy/factor</td>
<td>80</td>
<td>“Other aspects of feedback deals with…how their pizza tastes compared to other restaurants.”</td>
</tr>
<tr>
<td>Delivery is an important purchasing decision/strategy/factor</td>
<td>80</td>
<td>“Most customers see Domino’s as a delivery service first.”</td>
</tr>
<tr>
<td>Corporate Website/Internet is effective for ordering/advertising</td>
<td>60</td>
<td>“The target population, generation Y, uses the internet; therefore, Domino’s uses the corporate website to attract the target population.”</td>
</tr>
<tr>
<td>Television advertisements are important/good driver of purchases</td>
<td>60</td>
<td>“Television and delivery advertisements are the most effective outlets for promotion.”</td>
</tr>
<tr>
<td>Coupons/Print Advertisements are important/good driver of purchases</td>
<td>40</td>
<td>“Free sub certificates handed out at the basketball game have brought in a lot of students.”</td>
</tr>
</tbody>
</table>

**Quantitative Stage**

A survey was conducted to assess the relationship between choice tactics and product/brand choices. Two hundred and twenty six students were surveyed, about 43% lived off campus and about 50% were females. Seniors represented about 37% of the sample while other participants were almost equally distributed across the three other years. Thus, the sample was well representative of a typical student body with slightly higher representation of seniors.

On a scale of 1 (very unlikely) to 5 (very likely), students were significantly (p < .001) more likely to order pizza (M = 4.5, S.D. = .84) than pasta (M = 3.8, S.D = 1.20), sandwiches (M = 2.7, S.D = 1.38), wings (M = 2.0, S.D = 1.22), or Chinese food (M = 2.8, S.D = 1.50). Also, pizza was ordered on average about 2.5 times a month (S.D. = 1.79), which indicates that it is a repeat purchase item.

Four tactics were examined in the survey: promotions/deals, delivery speed, price, and taste. Price and taste correspond to the two heuristics found in the literature, price and performance, where taste substitutes performance in the context of fast food category. Promotion and delivery are two additional heuristics that were not mentioned in the literature but emerged in the qualitative analysis as important factors in the purchases fast food items.

When comparing the four heuristics in the pizza category, price (M = 4.4, S.D. = .84) and taste (M =
4.4, S.D. = .78) heuristics were significantly (p < .001) more important than speed of delivery (M = 4.4, S.D. = .78) when making a purchase decision. There was no significant difference (p > .10) between price and taste heuristics. Promotions/deals (M = 4.1, S.D. = .99) heuristic was significantly (p < .01) more important than speed of delivery heuristic but was significantly (p < .001) less important than price and taste heuristics.

In addition, we correlated the importance of each choice heuristic with the likelihood to order types of fast food products and brands. This analysis can indicate whether importance of choice heuristics changes at the product and the brand levels. To be able to compare our results with previous studies the delivery/speed heuristic was omitted from this analysis and a normative heuristic was added. Promotion/deals and price heuristics were treated as two facets of price heuristic mentioned in the literature (the correlation between price and promotion/deals heuristics in our study was about .4 and significant at .001). The normative heuristic was derived from a question that asked how frequently students were exposed to word of mouth as a promotional method where 1 indicates very infrequently and 5 indicates very frequently.

Table 3 summarizes the results of the product category by heuristic correlation analysis. Promotion was the only heuristic that significantly (p < .05) correlated with pizza category and price heuristic marginally (p < .10) correlation with pizza category. Both correlations were positive which affirms the previous findings for low involvement product categories. Taste heuristic correlated significantly (p < .05) with sandwiches and salads and the relationship was positive. The normative heuristic (word of mouth) correlated significantly (p < .05) with choices of pasta, wings, and Chinese food. The relationship was positive which indicates that frequent word of mouth increases students’ likelihood of purchasing pasta, wings, and Chinese food.

Table 3. Correlations Between Choice Tactic and Product Category

<table>
<thead>
<tr>
<th></th>
<th>Pizza</th>
<th>Breadsticks</th>
<th>Pasta</th>
<th>Sandwiches</th>
<th>Wings</th>
<th>Burrito</th>
<th>Chinese</th>
<th>Salad</th>
<th>Dessert</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion</td>
<td>r</td>
<td>.13</td>
<td>.11</td>
<td>-.06</td>
<td>-.02</td>
<td>.09</td>
<td>-.06</td>
<td>.11</td>
<td>-.06</td>
</tr>
<tr>
<td>(p-value)</td>
<td></td>
<td>(.05)</td>
<td>(.09)</td>
<td>(.34)</td>
<td>(.76)</td>
<td>(.17)</td>
<td>(.37)</td>
<td>(.11)</td>
<td>(.38)</td>
</tr>
<tr>
<td>Price</td>
<td>r</td>
<td>.11</td>
<td>.02</td>
<td>.01</td>
<td>.08</td>
<td>.10</td>
<td>.01</td>
<td>.01</td>
<td>-.07</td>
</tr>
<tr>
<td>(p-value)</td>
<td></td>
<td>(.11)</td>
<td>(.82)</td>
<td>(.92)</td>
<td>(.23)</td>
<td>(.15)</td>
<td>(.96)</td>
<td>(.98)</td>
<td>(.32)</td>
</tr>
<tr>
<td>Taste/</td>
<td>r</td>
<td>-.04</td>
<td>.02</td>
<td>.08</td>
<td>.15</td>
<td>-.03</td>
<td>.11</td>
<td>.08</td>
<td>.14</td>
</tr>
<tr>
<td>Performance</td>
<td>(p-value)</td>
<td>(.53)</td>
<td>(.77)</td>
<td>(.25)</td>
<td>(.02)</td>
<td>(.61)</td>
<td>(.09)</td>
<td>(.25)</td>
<td>(.03)</td>
</tr>
<tr>
<td>Word of Mouth</td>
<td>r</td>
<td>-.02</td>
<td>.03</td>
<td>.13</td>
<td>.11</td>
<td>.18</td>
<td>.11</td>
<td>.13</td>
<td>.09</td>
</tr>
<tr>
<td>(Normative)</td>
<td>(p-value)</td>
<td>(.72)</td>
<td>(.62)</td>
<td>(.05)</td>
<td>(.12)</td>
<td>(.01)</td>
<td>(.10)</td>
<td>(.06)</td>
<td>(.19)</td>
</tr>
</tbody>
</table>

Table 4 summarizes correlations between choice heuristics and brands. The next sets of correlations were performed to gain insight into how the three tactics play into brand choices. Brand choices were assessed with a purchase frequency question where 1 indicated Never and 5 indicated Always. Most brands are not significantly (p > .10) correlated with a particular choice tactic. Three brands have significant or marginally significant correlations with choice heuristics. None of the brands are associated with a price tactic. Normative tactic is associated with Marco’s brand, and taste/performance tactic is associated with Papa John’s and Domino’s. The correlation with Domino’s is negative which indicates that the heuristic of taste/performance reduces the chance of choosing Domino’s brand. This finding can explain Domino’s recent reformulation of its dough and other taste attributes in the United States as the study was completed prior to the introduction of Domino’s newly formulated pizza products.

Table 5 summarizes the number of times the product-heuristic and brand-heuristic correlations were significant (p < .05) or marginally significant (p < .10) combining price and promotion into one heuristic. The results indicate that the normative tactic was preferred to be used for many fast food products (55.5%) but not very often used to choose brands (16.7%). Price/promotion is more preferred tactic for product type (33.3%) than for brand type (0%). Taste/performance heuristic is used more to choose products (33.3%) and less to choose (not to choose) brands (16.7%). This table may imply the two-step process could occur when for a fast food purchase. A product category may be chosen first using a heuristic and in the next step a brand is chosen using the same or a different heuristic. The survey did not address se-
sequent choices of heuristics but extension of this study could explore the two-step process especially when the order of the choices could be different, first a heuristic to choose a brand and then another heuristic to choose a product type.

### TABLE 4. Correlations Between Choice Tactic and Brand

<table>
<thead>
<tr>
<th></th>
<th>Pizza Hut</th>
<th>Papa John's</th>
<th>Marco's</th>
<th>Hot Box</th>
<th>Donato's</th>
<th>Domino's</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Promotion</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>r</td>
<td>.097</td>
<td>.062</td>
<td>.015</td>
<td>.018</td>
<td>-.044</td>
<td>.007</td>
</tr>
<tr>
<td>(p-value)</td>
<td>(.144)</td>
<td>(.354)</td>
<td>(.818)</td>
<td>(.785)</td>
<td>(.512)</td>
<td>(.915)</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>r</td>
<td>.028</td>
<td>.028</td>
<td>.050</td>
<td>-.057</td>
<td>-.059</td>
<td>.018</td>
</tr>
<tr>
<td>(p-value)</td>
<td>(.670)</td>
<td>(.678)</td>
<td>(.452)</td>
<td>(.393)</td>
<td>(.379)</td>
<td>(.792)</td>
</tr>
<tr>
<td><strong>Taste/Performance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>r</td>
<td>.055</td>
<td>.108</td>
<td>-.080</td>
<td>-.009</td>
<td>.063</td>
<td>-.151</td>
</tr>
<tr>
<td>(p-value)</td>
<td>(.412)</td>
<td>(.107)</td>
<td>(.234)</td>
<td>(.895)</td>
<td>(.345)</td>
<td>(.023)</td>
</tr>
<tr>
<td><strong>Word of Mouth (Normative)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.965</td>
<td>.533</td>
<td>.001</td>
<td>.528</td>
<td>.310</td>
<td>.126</td>
</tr>
</tbody>
</table>

### TABLE 5. Number of Significant and Marginally Significant Correlations of Choice Tactics by Products & Brand

<table>
<thead>
<tr>
<th>Tactic</th>
<th>% Product type (N=9)</th>
<th>Brand type (N=6)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Price/Promotion</strong></td>
<td>Pizza, Breadsticks, &amp; Dessert</td>
<td>33.3%</td>
</tr>
<tr>
<td><strong>Taste/Performance</strong></td>
<td>Sandwiches, Burrito, &amp; Salad</td>
<td>33.3%</td>
</tr>
<tr>
<td><strong>Normative (Word of Mouth)</strong></td>
<td>Pasta, Wings, Burritos, Chinese, &amp; Dessert</td>
<td>55.5%</td>
</tr>
</tbody>
</table>

**DISCUSSION**

Our study of college students extended previous studies of low involvement products by Hoyer (1984) and Leong (1993) to fast food product category and to generation Y segment. This study focuses on three choice tactics of price/promotion, performance/taste, and normative (word of mouth) using a quantitative method to assess usage of these tactics for product and brand types. In previous studies done by Hoyer (1984) and Leong (1993) laundry detergent and shampoo were used as product categories. This study assessed whether college students used same low-involvement tactics when purchasing a fast food product. In Hoyer’s (1984) and Leong’s (1993) studies, performance was reported as the number one choice tactic. However, our study indicates that for fast food products the normative tactic is preferred for a significant number of products. Thus, certain choice tactics could be more salient for specific product categories. In addition, normative tactic could be more important to college students than to other segments. Leong’s (1993) study indicates that for shampoo category normative tactics were the second most frequently used by consumers.

In comparing the qualitative and the quantitative stages of our study, a discrepancy emerged with respect to choice heuristics. In the in-depth interviews many students reported they used most frequently price and taste to select fast food products. The survey indicated that the price/promotion and taste tactics were used less frequently than the normative tactic when choosing a fast food product. Also, the survey data indicated that tactics vary based on product and brand types.

Our study also extended the previous research by examining the use of low-involvement heuristics for choices of brands. They survey results suggest that students do not use price heuristic to choose a brand though students stated they do in the qualitative stage.
Taste and normative heuristics were used to choose or not to choose a certain band. As more significant product-heuristic than brand-heuristic correlations were identified, it seems that students use more the low-involvement heuristics to choose fast food products than brands. Other low involvement heuristics such as convenience/distance and waiting time were not explored in this study but may be of importance to student population and determine their choices of brands.

Quota technique was used to increase representativeness of the sample controlling for gender, year in school, and residency. Though the sample size of the survey is adequate, the sample pool was a single university in the Midwest, which may raise the questions of whether the result can be generalized to other universities and regions. Consistent results from studies on fast food purchases done in other regions could validate our findings.

Marketing implications

Students use various choice tactics when making fast food purchases mostly using word of mouth (normative) tactic. Thus, the use of Facebook and Twitter as promotional tools to create a buzz about product category might be more effective than the traditional use of the use of coupons. For example, some students indicated that they did not remember commercials of specific brands (e.g., Dommino’s) as they spent limited time watching TV. Other studies on generation Y indicate that being multi-taskers, texting and browsing on the web while watching TV, they pay very little attention to TV commercials even when they are exposed to them (Napoli and Ewing 2001, p. 21).

The example of Domino’s changing its pizza taste supports our findings regarding heuristics used to choose brands (Brandau 2010, p. 44). According to our study based on the taste heuristic students avoided ordering Domino’s brand. Thus, with regard to brand either taste or normative heuristics are more effective in targeting student population. As taste and normative heuristics also contribute to product choices, companies should probably position their fast food products and brands on these two dimensions significantly more than on price/promotion dimension.

FUTURE RESEARCH

As the study was limited to college students at a single private Midwestern university, future research should include students from other private and public institutions in order to increase the external validity of these results. Other product types and brand names as well as additional low-involvement heuristics should be included in future studies. The affect heuristic, for example, was not included in this study but has been an important element in low-involvement advertising and thus, should be included in future studies. The delivery heuristic was not mentioned in Hoyer’s (1984) and Leong’s (1993) studies and thus was not included in this study but could be a potential decision tactic for fast food delivery products especially for college student population. Delivery tactic could be considered as a facet of performance or a separate tactic. Future research could offer an additional insight into this significant target population and could provide helpful directions for companies when forming strategies for the fast food industry.

REFERENCES


THE ROLE OF SALES MANAGEMENT, ENGAGEMENT OF THE SALES PROCESS, VENDOR RELATIONS AND USE OF TECHNOLOGY BASED SELLING TOOLS ON SALES PERFORMANCE

Shawn Green, Aurora University
Jeff Gardner, Maximum Performance Group, L.L.C.

ABSTRACT

This initial examination considers the following sales activities and their potential impact on sales performance; sales management engagement, utilizing the key steps of the sales process, vendor relationships, goal setting, use of technology based selling tools, and length of time working as a professional salesperson. Propositions are developed for each sales activity.

INTRODUCTION

The purpose of this initial exploration is to study the impact of multiple sales activities and sales influences on the performance of business to business sales professionals. This study considers seven different sales activities and influencers on sales performance. These include 1) the degree of sales management engagement with individual salespeople; 2) the magnitude to which a salesperson is actively following the key steps of the sales process; 3) the extent that sales goals have been developed; 4) the amount of time spent prospecting, time spent with current customers, and time committed to non-selling activities; 5) the vendor relationship between buyer and seller; 6) the extent that technologically-based tools are consistently used in support of the sales effort; 7) lastly, the length of time spent as sales professional and in a salesperson’s current industry is factored into the sales performance equation.

LITERATURE REVIEW

Sales Management’s Impact on Sales Performance

According to Ahearne et al. (2010) sales managers are responsible for initiating a performance oriented organizational cultural change. They can do so by identifying a sense of shared meaning for such a change as well as working closely with salespeople will reap the largest performance benefits from such change intervention.

Jaramillo et al (2009) conducted research of salespeople’s perceptions of sales manager’s servant leadership qualities. To the extent that sales managers were viewed as servant leaders, salespeople develop a stronger customer orientation focus and used more adaptive selling behaviors in order to serve their clients. The net result led to enhanced levels of sales performance outcomes. Relatedly, Panagopoulos and Dimitriadis (2009) state that transformational leadership on the part of sales managers, accentuates the degree of salespeople's commitment to the organization, in their own personal motivation and net sales performance.

According to Lytle (2003) sales managers need to create a high performance culture that generates rewards for successful salespeople and finds opportunities for exit for low performing salespeople. To Lytle, the objective is to move average performing salespeople up to a higher level of performance while simultaneously letting go poor performers. He suggests enforcing sales standards early in a salesperson’s tenure, and creating monitoring systems that actually encourage sales teams to reinforce themselves.

Gellerman (1990) determined that strong sales performers were able to “shrug off a string of unsuccessful cold calls” and undiscouraged move forward to the prospects location. He viewed it to be the responsibility of sales managers to nurture the salespeople that have potential. Sales managers should go with salespeople in the field, coach and recognize effective performance.

Sales Process Activities

Jaramillo and Prakash (2008) report that overall superior sales performance requires a high level of effort. Their own research indicates that supportive leadership leads to salespeople putting forth greater amounts of selling effort. Supportive leadership also
accentuates intrinsic motivation of salespeople. Salespeople who are skilled at using adaptive selling techniques and closing skills experience increased levels of sales performance (Johlke, 2006). This finding reinforces the need for professional sales skills development and sales experience.

**Goal Setting**

According to Fu et al (2009), salespeople are willing to put forth more effort as goal levels increase up to the point where the goal is believed to be achievable. Beyond this degree, selling effort decreases as goal levels increase. Their results indicate that set goals and assigned goals both had positive impacts on future sales performance if the goals are determined to be relevant by the salespeople themselves. Chowdhury (1993) reports that as quota levels are increased, the amount of effort expanded increases only up to a limited extent. At some point, increases in the level of the quotas assigned can decrease sales effort.

Phillips (2000) states that successful salespeople are goal and action oriented. They have a performance goal, but they also have personal goals of how increases in income will benefit their own situation. Strong sales producers emotionalize their goals. They are motivated by a meaningful purpose of how additional income will be used.

**Vendor Relationships**

Sun and Lin (2010) examined the role of trust on buyer loyalty. They determined that trust in the salesperson is a separate entity from trust in the larger sales organization. When buyers have trust in salespeople, it fuels trust in the selling organization. More importantly, their findings indicate that trust with the salesperson is the critical component toward enhancing long-term customer loyalty. In contrast, Mulki et al (2007) conducted a study examining lone wolf tendencies among pharmaceutical salespeople. Their findings indicate that salespeople with lone wolf tendencies (less responsiveness to sales management) exhibited lower levels of helpfulness towards their client, less collegiality with others in the sales force, along with reduced amounts of actual sales performance.

**Sales Performance Implications**

DeConinck and Johnson (2009) determined that salespeople’s performance was directly related to both turnover intentions and actual turnover. In comparison, perceived supervisor support and perceived organizational support mitigated the likelihood of turnover and enhanced sales performance. Recruiting and retaining high-performing salespeople are among the most challenging tasks facing sales managers today. Fournier et al (2010) determined that the ethical climate in an organization influences performance impact on the intention to leave. More specifically, higher-performing salespeople report greater intentions to leave in lower ethical climate conditions.

In a study of salespeople from a Fortune 100 high technology firm responsible for managing multi-million dollar customer projects, role identities were examined in light of sales performance results. Steward (2009) determined that salespeople who identified themselves as sales consultants achieve higher levels of sales performance than those who viewed their role as technical specialists.

Sharma and Sheth, (2010) believe that proactive sales oriented firms regard technology as a strategic tool to enhance sales effectiveness, improve customer service, and reduce costs. To the degree that salespeople adapt sales technology, it is considered to have a mediating effect on sales performance.

**PROPOSITIONS FOR FUTURE RESEARCH: IMPLICATIONS OF THE IMPACT OF SEVEN SALES ACTIVITIES ON SALES PERFORMANCE**

**Proposition I:** To the extent that sales managers are actively engaged with their salespeople, sales performance of the sales-force increases.

Active engagement of sales managers can take a form of sales coaching. This is particularly the case for those sales managers that regularly go on sales calls with their salespeople. When sales managers go on sales calls to help the sales force grow business with current customers and help convert prospects to new customers, we believe that effort will generate increased sales. Additionally, when sales managers meet with their sales force on a regular basis to constructively review and help guide specific sales goals and objectives, this effort will also lead to enhanced sales performance.

**Proposition II:** To the extent that salespeople follow and measure key specific steps of a sales process, sales performance will increase.

The work involved in nurturing a prospect into an active long-term customer can be analyzed as part of a step-by-step sales process. The identified steps in the sales process generally include; gaining an initial appointment with a new prospect; developing rapport; uncovering prospects needs and their decision criteria, present solutions/proposals, negotiate the details of the offer extended, ask for the business and close the initial
sale, manage customer profitability and margins, and conduct regular business reviews with current customers. When salespeople recognize that a sales process can be developed, replicated and enhanced on a systematic basis, sales performance will be enhanced.

Proposition III: To the extent that salespeople who utilize goal-setting activities including specific and measurable written sales goals that are challenging yet achievable, sales performance will increase.

Goal-setting has been studied across numerous professions under multiple circumstances. We are proposing that a direct relationship between active goal setting and net sales performance does exist. It is our proposition that salespeople who utilize goal-setting activities including specific and measurable written sales goals viewed to be challenging yet achievable are predicted to lead higher levels of sales performance than those who do not consistently develop similar based sales goals.

Proposition IV: To the extent that time is spent actively prospecting and building the relationship with current customers, sales performance will increase.

The way that salespeople spend their work time throughout a given day or week can lead to differences in sales performance. We identify three categories in which the work time is salespeople can be allocated; time spent prospecting, time spent nurturing the relationship of current customers, and time spent on non-direct selling activities. Although it is recognized that time considerations alone will not necessarily equate into additional sales, and emphasis of how time is spent could lead to varying levels of sales performance. We propose that time spent actively prospecting and time spent building the relationship with current customers will lead to increased sales. In contrast, too much time engaged in non-selling activities will lead to a decrease in sales performance.

Proposition V: To the extent that current vendor dissatisfaction is high, new vendor product benefits exist, and the relationship with the new vendor is constructive, sales performance will increase.

The nature of the vendor relationship between buyer and seller includes at least three different aspects; benefits offered by a vendor, degree of satisfaction that exists with a current vendor, and the relationship between the vendor's salesperson and the buyer. Vendor features and benefits include; price of the products and services offered; degree of personalized customer service provided; amount of product selection available, website functionality, timely delivery, and accuracy of orders. Secondly, there is a need for new vendors to understand the degree of satisfaction/dissatisfaction intensity at the buyer has with the current vendor. Finally, the constructiveness of the relationship with the new salesperson could be crucial for the success of the buying relationship.

Proposition VI: To the extent that the use of technology based selling tools is actively utilized by salespeople, sales performance will increase.

The use of technologically-based tools for day-to-day selling efforts is not only commonplace, but also standard protocol for professional salespeople. Examples of technology based selling tools include; smartphones, laptop computers, social networking tools such as Facebook, Twitter, and LinkedIn, use of the Internet for prospect research, and PowerPoint when presenting sales solutions and proposals. In general, we believe that the greater the use of technology based selling tools, salespeople will increase their productivity and more effectively facilitate each of the steps of the sales process. As a result, sales performance will increase through the use of technology based selling tools.

Proposition VII: To the extent that salespeople have been professionally selling for a longer period of time, sales performance will increase.

There are three aspects of time spent as a sales professional to consider. The first is the length of time that someone has been consistently working as the sales professional. The second aspect asks how long salespeople have been selling within a specific industry. Thirdly, what is the length of time salespeople have been selling for their current selling organization? It is our proposition that a direct positive relationship exists between length of time selling in all three aspects (time spent selling in total, within the industry, and for a specific company) and the sales performance of sales individuals.

Sales Performance:

There are multiple elements and taken into account to determine the effectiveness of a sales person's actual performance. Different sales performance measures can include; annual income, average monthly sales volume, length of time required achieving current levels of sales volume, and the average gross profit percentage out of volume sold. In order to determine how multiple attributes can impact sales performance, it is our recommendation that multiple measures of sales performance be incorporated into future sales of studies.
Future studies on the part of the authors are anticipated by examining the stated propositions within the office products sales industry.

REFERENCES


Study investigates the influence of computer self-efficacy (CSE) on the sales self-efficacy (SSE), sales performance (SP) relationship. While a positive relationship between SSE and SP had been shown in earlier works, this is the first study to look at the influence of CSE (tested as both moderator and mediator).
(1986) defined self-efficacy as the belief that one has the capability to perform a particular behavior. Two forms of self-efficacy were tested in the current research: specific self-efficacy in selling (sales self-efficacy) (Ryerson, 2003; & Tabbiner, 2000) and computer self-efficacy (Compeau & Higgins, 1995 & Marakas et al., 1998). Although both concepts had been previously researched, an investigation into the mediating and moderating effects of computer self-efficacy on the sales self-efficacy / sales performance relationship had not been studied. This is important to academic researchers as an individual’s personal psychology may influence his or her acceptance and successful use of SFA to enhance overall sales performance. The theoretical underpinnings for the study, shown in Figure 1 below, are based on the psychological construct of self-efficacy and the work of Albert Bandura.

A significant relationship between sales self-efficacy (SSE) and sales performance (SP) was first shown by Barling & Beattie in 1983 and later supported by Attaway et al. (1997), Brown et al. (1998), and Stajkovic and Luthans (1998). Plank (1994), Tabbiner (2000), and Ryerson (2003) measured the construct of specific self-efficacy in selling (sales self-efficacy) based on a four-factor model that included sales planning as well as getting, giving, and using information. The current research provided an additional test of this scale.

The self-efficacy construct had also been shown to influence the successful implementation of sales force automation (Speier & Venkatesh, 2002). Computer self-efficacy (CSE) is defined as a person’s perception of his/her ability to accomplish a computer-related task (Compeau & Higgins, 1995). The authors also stated that people with high levels of CSE derived more enjoyment and had less anxiety using computers than those having low levels of CSE. In fact, low levels of self-efficacy have been shown to increase technology resistance (Ellen, et al., 1991). Gardner III and Rozell (2000) state “Compeau and Higgins’ (1995) Computer Self-Efficacy Measure provides indices of both efficacy magnitude and strength, and... it appears to be the most appropriate measure of computer efficacy for such research.” A slightly modified Compeau and Higgins’ (1995) instrument was used in the current work.

The moderating and mediating influences of Computer Self-Efficacy on the Sales Self-Efficacy/Sales Performance relationship were each tested in the current work. Academics have, at times, been confused by the use of the terms moderation and mediation. In fact, the terms have sometimes been used interchangeably in the literature (Baron & Kenny, 1986). In their effort to solidify definitions and reduce confusion, Baron & Kenny (1986) offered the following definitions: 1) A moderator is a qualitative (e.g., sex, race, class) or a quantitative (e.g., level of reward) variable that affects the direction and/or strength of the relation between an independent or predictor variable and a dependent or criterion variable. (p. 1174); 2) A given variable may be said to function as a mediator to the extent that it accounts for the relation between the predictor and the criterion. (p. 1176) Twelve years later Vogt (1998) defined moderation and mediation as follows: a moderating variable has an “interaction” effect on the relationship between two other variables while a mediating variable has an “intervening” effect that transmits the effects of another variable. The interaction effect of a moderating variable is the joint effect of two or more independent variables on a dependent variable. In other words, interaction effects occur when the relation between two variables differs depending on the value of a third variable.

In the current study, the influence of Computer Self-Efficacy on the Sales Self-Efficacy/Sales Performance relationship was tested as both a mediating and a moderating variable based on the “initiator” of the technology use. According to Bandura (1984) salespeople who focus on “getting the sale,” tend to avoid tasks that are believed to exceed their capabilities. Thus, if a salesperson believes computer use may jeopardize his/her selling efforts, the computer may not be used (Jones et al. 2002). In this case the use of computer technology would moderate the relationship between

![Figure 1 Conceptual Model](attachment://conceptual_model.png)
sales self-efficacy and sales performance because it would only be used when deemed appropriate by the salesperson (see Figure 1, H1). If the salesperson is required by management to use the computer system to accomplish certain tasks (placing orders, securing pricing or product specifications, or making sales presentations) computer self-efficacy acts as a mediating variable because the use of the computer is unavoidable for the salesperson (see Figure 1, H2).

MacKenzie et al., (1993) and Walker et al., (1979) suggest salesperson performance reflects a salesperson’s behavior related to the goals of the organization. Several authors (Walker, 1977; Walker, 1979; Churchill et al., 1985; Cravens et al., 1993) argue sales performance consists of multiple factors including: level of motivation, sales aptitude or ability, and perceptions about how the selling role should be performed. Following the work of Ryerson (2003), the current study defines sales performance as the level of success in making sales presentations, closing sales, overall selling performance, quality of sales, time management, planning, management of expenses, and knowledge of company, its products, its competitors, and its customers (see Figure 1, H3).

RESEARCH QUESTIONS AND HYPOTHESIS

The current work fills the gap in the research by asking: “Does computer self-efficacy mediate and/or moderate the sales self-efficacy / sales performance relationship?” Specifically, sales self-efficacy was correlated to salesperson performance and computer self-efficacy was tested as both a moderating and a mediating variable on the SSE/SP relationship. “Specific” forms of self-efficacy were tested for both selling and computer usage as Bandura (1986), among others (Agarwal et al., 2000; Compeau & Higgins, 1995; Downey & McMurtrey, 2007; Marakas et al., 1998; and Ryerson, 2003) found specific self-efficacy to be a stronger predictor than general self-efficacy. Thus, the following research questions and hypotheses were offered:

1) Does CSE moderate the SSE/SP relationship (Brown, et al., 2001; Compeau & Higgins, 1995; Lee, 2009; Saks, 1995; and Stajkovic & Luthans, 1998) in cases where the salesperson is required to use the laptop computer?

H1: Computer self-efficacy will moderate the relationship between sales self-efficacy and salesperson performance in cases where the salesperson is required to use technology in the selling process.

2) Does CSE mediate the SSE/SP relationship (Compeau & Higgins, 1995; Gardner III & Rozell, 2000; Johnson, 2005; Plank & Reid, 1994; and Saks, 1995) in cases where the salesperson is required to use the laptop computer?

H2: Computer self-efficacy will mediate the relationship between sales self-efficacy and salesperson performance in cases where the salesperson is required to use technology in the selling process.

3) Does greater SSE lead to greater SP (Attaway et al., 1997; Barling & Beattie, 1983; Brown et al., 1998; and Stajkovic & Luthans, 1998)?

H3: Sales self-efficacy will be related to sales performance.

RESEARCH INSTRUMENT

A self-administered questionnaire was used to measure the constructs in the current work as self-administered surveys have been shown to provide anonymity to participants which may increase their willingness to answer sensitive questions (Ryerson, 2003). While Blackshear (1994) and Dion and Banting (2000) argued against the use of self reports, Churchill et al. (1985) found that self reports did not lead to “significantly higher correlations than other ‘more objective’ performance measures.” They also found that self reports did not create what was believed to be a “natural upward bias” in performance outcomes based on self reporting. The research is cross-sectional with the respondents being divided into two groups based on the initiator of the technology use: management versus the salesperson. In this effort a salesperson self-report instrument was used to gather data on the perceived levels of SSE, CSE, and SP.

A scale, based on Plank and Reid (1994) and used by Ryerson (2003), was used to measure the construct of specific self-efficacy in selling. SSE was a four-factor construct based on a salesperson’s confidence in planning, as well as getting, giving, and using information. A scale developed by Ryerson based Behrman and Perreault, Jr. (1982) and Wang (2000) was used to measure sales performance. To measure specific self-efficacy in computer usage, this study used the scale developed by Compeau and Higgins (1995). These instruments were joined, and slightly modified, to provide the overall instrument for this work.

VALIDITY AND RELIABILITY

The scales used in the current work had been previously tested for reliability and shown to be valid measures of the constructs and thus nomological evidence of scale validity existed. Table 1 reports the reliability for the current study.
DATA ANALYSIS

Following collection, the data were cleansed and entered into SPSS®. All scales were individually summed with the alpha coefficient, mean, and standard deviations computed for each. Scales with coefficient alphas greater than .7 were sought. Based on the work of Ryerson (2003) and others, SSE was tested as four separate factors (SSE Planning, SSE Getting Information, SSE Giving Information, and SSE Using Information). Each factor was tested separately in the model. Confirmatory Factor Analysis was completed for each factor using SAS PROCALIS.

CFA found that six of eight items loaded on the SSE Planning factor yielding a six-item alpha of .736 and an average correlation of .317. Five items loaded on the SSE Getting factor offering a five-item alpha of .874 and an average correlation of .582. SSE Giving also consisted of five items with a five-item alpha of .795 and an average correlation of .436. Finally, SSE Using consisted of five items that provided an alpha of .859 and an average correlation of .550. Five items specified the Computer Self-Efficacy (CSE) construct with a five-item alpha of .864 and an average correlation of .559. Table 2 shows item loadings for the scale CFA.

Sales Performance for this study was measured in two ways following the work of Ryerson (2003). Respondents were first asked to assess their sales performance on its face and then asked to assess their sales performance compared to others in their organization. Five items were used to illustrate the initial Sales Performance construct with a five-item alpha of .795 and an average correlation of .436. Sales Performance Compared to Others consisted of four items having a four-item alpha of .790 and an average correlation of .485.

The model tested in this study looked specifically at sales self-efficacy (SSE), computer self-efficacy (CSE), and sales performance (SP). Moderated regression was used to test the moderating effect of CSE on the SSE/SP relationship in cases where the salesperson was allowed to choose whether or not to use the computer in his/her sales efforts. Multiple regression was used to test the mediating aspects of the CSE independent variable on the SSE/SP relationship in cases where the salesperson was forced to use the computer in carrying out the sales job. (Baron & Kenny, 1986) Correlation was used to test the relationship between SSE and SP.

RESULTS

Ninety three of three hundred sixty six salespeople provided usable responses to the email-distributed survey for a total response rate of twenty five point four percent. The average participant for this study was a male (58%) between 31 and 40 years of age (44%), with 6 to 10 years of sales experience (29%) and between 11 and 15 years of computer experience (38%). The respondents were moderately experienced salespeople who had considerable experience using computers which may have provided for some of the unexpected results in the study. The core theory tested the relationships between sales self-efficacy (SSE), computer self-efficacy (CSE) and sales performance (SP) as shown in Figure 1. Specifically, the researcher hoped to show that CSE provided either a moderating or a mediating influence on the SSE/SP relationship (H1 and H2) based on the initiator of technology use (the salesperson or his/her company).

Hypothesis One

The literature suggested that when technology use was perceived as being voluntary it led to greater technology infusion (Inks, 1997). Therefore, hypothesis one tested this moderating influence in cases where the salesperson could choose whether or not to use the computer in his/her sales effort. Moderated regression was used to determine if CSE moderated the relationship between Sales Self-Efficacy and Sales Performance for salespeople able to choose whether or not to use the computer in completing their sales tasks. Computer Self-Efficacy was tested as a moderating variable between each form of SSE (planning, getting, giving, and using) and SP. CSE was also tested as a moderating variable between each form of SSE (planning, getting, giving, and using) and SP compared to others in the firm. Considering the four-factor sales self-efficacy construct (planning, and giving, getting, and using in-

<table>
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<tr>
<th>Table 1. Reliability - Current Study</th>
<th>Reliability (CFA)</th>
<th>Average Correlation</th>
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<tr>
<td>SSE Planning</td>
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<td>SSE Getting</td>
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<td>Sales Performance</td>
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<td>Sales Performance Compared to others</td>
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formation), CSE was found to act as a moderating variable only between SSE (give) & SP. Thus, H1 was accepted, and sales performance was improved, only in cases where the computer assisted the salesperson in giving information to the customer/client. H1 was rejected in cases where the computer was used for planning, getting, or using information.

**Hypothesis Two**

Hypothesis two tested the mediating influence of computer self-efficacy on the sales self-efficacy / sales performance relationship in cases when the salesperson was required to use the computer to complete sales tasks. When technology use was not voluntary, but cases where the computer assisted the salesperson in giving information to the customer/client. H1 was rejected in cases where the computer was used for planning, getting, or using information.

**Table 2: Item Loadings for Study Factors**

<table>
<thead>
<tr>
<th>Item</th>
<th>SSE Plan</th>
<th>SSE Get</th>
<th>SSE Give</th>
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Hypothesis Three

Hypothesis three tested the relationship between sales self-efficacy and sales performance. Correlation was used to test hypothesis three which looked at the relationship between all forms of SSE and SP (as well as SP Compared). As in earlier studies (Attaway et al. 1997, Barling & Beattie 1983, Brown et al. 1998, and Stajkovic & Luthans 1998) SSE was found to significantly correlate to SP (and SP Compared).

DISCUSSION

The fact that H1 was accepted only in cases where salespeople gave information (SSE Giving) is not surprising. Salespeople who have high levels of computer self-efficacy appear to be more confident in their ability to electronically provide information to customers and this ability appears to lead to greater sales performance. The fact that planning, getting, and using information behaviors did not prove to moderate the SSE/SP relationship means that even though salespeople with high levels of computer self-efficacy may use their computers in these capacities, computer use does not lead to higher levels of sales performance. Based on the results of this study, the ability to electronically give information led to greater levels of sales performance while the ability to electronically plan, get, or use information from the customer did not lead to greater sales performance. This is logical as planning, getting, and using behaviors typically benefit the salesperson while providing information to the customer (SSE giving) would more likely benefit the customer leading to increased purchases.

As put forward in H2, when salespeople were required by their company to use the computer to complete their sales tasks, the computer acted as a mediating variable because sales could not be gained without the intervening use of the computer. This mediating influence was also supported by Hunter and Perreault, Jr. (2007) who found technology use to have a mediating effect as they tested the relationship between analyzing or communicating information and the salesperson’s relationship-building performance with customers.

Similar to previous studies, H3 confirmed that sales self-efficacy is related to sales performance. Thus, salespeople who are highly confident (high SSE) about their ability to sell are also likely to experience greater sales performance than their less confident (low SSE) counterparts.

IMPLICATIONS

Greater self-efficacy in the sales force leads to greater performance in the sales force. Based on the current research, managers must find ways to increase the confidence of salespeople, not only in the selling process but also in the effective use of technology. Understanding that the computer can act as a mediating or intervening variable, the manager must ensure that salespeople are well versed and confident in all aspects of computer use or sales performance may suffer. When managers allow the salesperson to determine if and when they’ll use the computer, the technology becomes a moderating variable and, based on the findings of this study, salespeople must be confident in their ability to effectively provide information to customers via the computer.

Scholars should benefit from this research as they look for research streams that enhance their ability to consult with businesses regarding the financial benefits of bolstering the sales and computer confidence of their sales force. The ability to form and test theoretical constructs leading to more effective sales performance should be met with open arms by scholars and sales managers alike.

LIMITATIONS

There are several limitations that affect the generalizability of the results in this study. First, the sample of salespeople came from a single large Midwestern communications company. A sample across businesses and industries could provide a broader understanding of the influence of CSE on the SSE/SP relationship. Secondly, the sample was perhaps more experienced in both selling and computer use, as shown by the results, than sales groups in other organizations. A broader distribution of sales experience, computer experience, and age of the subjects, may prove to offer different results. Finally, the study was cross sectional in nature providing a “snapshot in time” regarding the influence of CSE on the SSE/SP relationship. A longitudinal study may show changes to self-efficacy over time with the possible influence of various training regimes.

RECOMMENDATIONS FOR FUTURE RESEARCH

Determining the value of technology in the sales force provides fertile ground for continued research. Technology developments yet to be imagined will be helpful to some individuals while they are avoided by others. Individual psychological influences such as self-efficacy should weigh heavily on the actual value these technologies bring to the firm. Along with the aforementioned demographic and training variables, additional influences, such as working smart, propensity to leave, and job satisfaction should be included in future research to determine their influence on the sales self-efficacy / sales performance relationship.
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THE ROLE OF TECHNOLOGY IN SALES SUPPORT STRUCTURE

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ABSTRACT

Salespeople often require assistance from sales support in order to finalize sales. For example, sales support may help with manual labor, delivery, installation, technical consultation, data entry / reporting, coordination or financial qualification. Technology has become a key tool in sales support. Some researchers have even predicted that sales force technology would automate sales support to the extent that very little time would need to be spent on support activities. However, there is evidence that sales support personnel still represent a large percentage of the sales force. The extent to which sales support can and should be fully automated is not clear from the extant literature. Therefore, the purpose of this study is to develop a framework explaining the conditions in which it is appropriate to provide sales support and how sales support should be structured.

We propose that the more hours required to complete a non-selling transaction activity and the more complex a non-selling transaction activity is, the more that assigning the activity to sales support will lead to better sales outcomes (such as higher sales revenue and lower role-conflict). Furthermore, when the workload of a sales support function is high and the complexity of sales support is low, centralizing the sales support function will lead to better financial performance; otherwise centralizing the sales support function will decrease financial performance. Automation technology will enhance the financial performance caused by using centralized sales support when complexity is low, and facilitative technologies will mitigate the negative impact of using centralization when complexity is high. Finally, facilitative technology will enhance the positive benefits of using a decentralized sales support structure on financial performance.

Our framework rectifies the discrepancy in the existing literature between the assertion that sales force technology should eliminate the need for sales support personnel, and the evidence that sales support personnel still represent an important part of the sales force.
ABSTRACT

College students are considered heavy and sophisticated users of electronic communication tools. The purpose of this research is to look at one innovation, electronic calendaring, to understand the affect it has on the ability of college students to successfully manage deadlines for class projects.

INTRODUCTION

Advancements in electronic communication have dramatically altered how people interact as well as process, store and use information. Compared to the general population, college students are considered heavy users of such technological innovations.

This expanding reliance on electronic communication among students has had a trickle-down effect on universities and professors alike. Professors have resorted to developing electronic communication policies that govern how they will interact with students over electronic channels, and how they expect students to interact with them (Watrall 2010). One might ask if or how such innovations are facilitating positive change for the betterment of the people who use them?

The purpose of this research is to look at one such innovation, electronic calendaring, to understand the affect it has on the ability of college students to manage tasks for and time spent on class projects. In this regard, we first review extant literature in this subject area and discuss methodology for data collection. Results are then be discussed along with implications of and future directions for this research.

WHAT TIME IS IT?

Realizing the central role that calendars play in the coordination and timing of business activities that must be executed in the ever-changing and complex marketplace, companies have turned to electronic calendaring systems as a scheduling and collaborative tool. Lotus Notes became one of the first such systems when it was introduced more than two decades ago. Such systems provide employees with an internal network for coordinating and managing time-critical activities using collaborative communication applications such as email, calendaring, web browsing and other feature-rich applications (Kincaid and Dupont 1985).

Time management, whether electronic or not, has been a popular topic among practitioners for some time. Orlikowsky and Yates (2002) argue that temporal issues have become more relevant in the workplace primarily due to greater intensity in global competition combined with the need for firms to improve their responsiveness to customer needs. Bases on such concerns, companies have begun to constantly analyze employee productivity and encourage time efficiency using a wide range of motivators, including training programs and pay-for-performance compensation plans. Yet, research conducted in business settings has shown weak relationships between time management behaviors and employee performance but beneficial effects in relation to job stress and satisfaction (Claessens et al. 2004; Macan 1994).

Macan et al. (1990) used college settings to conduct their seminal work for examining the usage of time management behaviors. The researchers initially constructed and tested a time management behaviors (TMB) scale designed to measure the degree to which such behaviors were employed by students attending several universities.

The measurement scale was composed of four primary aspects: 1) setting goals and priorities, 2) time management mechanics, 3) perceived control over time, and 4) preference for disorganization. The first factor, setting goals and priorities, captures one’s ability to outline what needs to be accomplished, set related goals, and then prioritize the necessary tasks that must be performed to achieve the goals. The time management mechanics referenced in factor two concern behaviors required to manage time, like planning, making to-do lists, and scheduling activities. The third construct is characterized by one’s perception of having an
adequate amount of time to complete assignments and the capacity to meet deadlines. The remaining factor reflects preference for (dis)organization in one’s approach to tasks or projects. In relation to college students, one or more of these constructs have been found to be predictors of work and life satisfaction, grade point average, self-reported performance, role ambiguity, role overload, and stress level (Macan et al. 1990).

Paper-based calendars have had a stronghold in aiding in time management since in 19th century. Even during tough economic times, these calendars have proven to be a mainstay in homes and businesses and have been highly profitable for their marketers. Research shows that the spiral wall calendar used in homes and offices to record appointments, events, and schedules still remains the most highly sought calendar today (Stella 2010). Likewise, companies like Franklin Covey still experience vibrant sales of products such as day planners, notebooks, and other systems that encourage good time management behaviors.

This is in spite of newer alternatives for managing time made available based on advancements in electronic communications. One of the most marketable features of Hewlett-Packard’s recently introduced TouchSmart® computer is its message center software that allows families to share an electronic calendar and leave notes for one another. Software programs like Outlook Express and ACT! provide similar functionality when used in homes and businesses.

Another calendaring option is those found in Blackberrys, iPods, and other mobile devices. The main advantage here is the portability gained from not having to lug around either a paper-based planner or a computer. Adopters still have the ability to stay organized by planning and scheduling activities, storing critical information, making to-do lists, setting reminders for upcoming deadlines and appointments, and staying in touch with others around the clock.

Karanek (2010) further suggests a combination of electronic calendaring and paper-based systems could be another feasible time management option. One might initially use the former for planning and subsequently print materials for insertion into the latter.

The intent of this research is to explore the usage of time management behaviors of college students relative to their calendaring system of choice.

TIME MANAGEMENT OF ASSIGNMENTS IN A PROFESSIONAL SELLING COURSE

College graduates entering today’s business world are expected to enter the workforce armed with the necessary skills to provide a positive impact on their employers. Time-management training at one point in time was an essential part of many company training programs. However, economic pressures have caused many firms to forgo related on-the-job training with an expectation that new hires will be well-disciplined in this area.

Sales professionals, specifically, encounter a myriad of time-consuming activities on a daily basis (Manning, Reece and Ahearne 2010). Time management skills are routinely assessed by companies and employment agencies during the hiring process for sales personnel. Yet, examples of college courses that emphasize and track the usage of time management behaviors are hard to find. The following section includes a description of the assignments used in a professional selling course to examine such behaviors.

The Professional Sales Role-Play Assignments

Many sales instructors use role-play exercises that require the active participation of students and emphasize learning by doing (Manning, Reece and Ahearne 2010). As such, three overlapping role-play exercises were assigned to students enrolled in different sections of a 16 week sales course. Instructions for completing each assignment were discussed with students in class sessions and students were encouraged to use a calendaring system to assist them with keeping up with tasks and deadlines. In addition, students were given a link to use if they wanted to download hard copies of calendaring and note pages to aid them in tracking their progress to meet course requirements.

All assigned tasks were given a completion deadline. Each time a student was unsuccessful at meeting the scheduled deadline for a task they received a deduction to their final grade on the related assignment. The intent here was to provide a motivator for students to perform tasks in a timely manner.

DATA COLLECTION AND RESULTS

In Spring 2009, eighty-two Professional Sales students participated in the project described in the previous section. A profile of the participants is provided in Table 1.

The instructor documented how each student had chosen to track the tasks and deadlines associated with the three assignments. The first column of Table 2 reveals that about 25% of the students decided to use their cell phone as their calendaring system for class projects. A combination of both electronic and paper-based calendars (17%) was the next most popular option, while the utilization of the downloadable paper-based calendar (16%) closely followed.
Table 1. Demographic Characteristics

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>18-22</td>
<td>28%</td>
</tr>
<tr>
<td></td>
<td>23-27</td>
<td>59%</td>
</tr>
<tr>
<td></td>
<td>28-31</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>32 or older</td>
<td>4%</td>
</tr>
<tr>
<td>Employment Status</td>
<td>Do not work</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td>Work part-time</td>
<td>56%</td>
</tr>
<tr>
<td></td>
<td>Work full-time</td>
<td>26%</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>41%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>59%</td>
</tr>
<tr>
<td>Major</td>
<td>Marketing</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurship</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>Other Business</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Non-business</td>
<td>37%</td>
</tr>
</tbody>
</table>

On the other hand, six students decided to forgo use of any type of calendaring system and felt they could manage the tasks by making notations on the course syllabus and/or other documents brought to class meetings. Table 2 also shows that the individuals in this group on average missed the most tasks deadlines (14.5 of 26). When delving into the reason why this was so it appeared that these students failed to allocate enough time to properly perform tasks like conducting research, writing letter and scripts, and preparing presentation materials. These students seemed to require the most assistance from the instructor in where to find information and how to complete assignments. In talking to the students it appeared that the lack of any calendaring approach to managing time needed to accomplish tasks led to higher levels of disorganization, confusion, and ultimately stress. Table 2 reveals that four of the six students in this category switched to some type of calendaring system at a later point.

Table 2. Student Method Selection and Outcomes

<table>
<thead>
<tr>
<th>Group</th>
<th>Calendaring System</th>
<th>Student Utilization</th>
<th>Deadlines Missed (Mean)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Downloadable Paper-based Calendar (Instructor provided)</td>
<td>13 (16%) 1 (1%)</td>
<td>13.4</td>
</tr>
<tr>
<td>B</td>
<td>Downloadable Paper-based Calendar and Note Pages</td>
<td>3 (4%) 2 (2%)</td>
<td>11.7</td>
</tr>
<tr>
<td>C</td>
<td>Paper-based Calendar and Notes (Student Provided)</td>
<td>11 (13%) 10 (13%)</td>
<td>7.3</td>
</tr>
<tr>
<td>D</td>
<td>Paper-based Planner System</td>
<td>9 (11%) 26 (32%)</td>
<td>3.1</td>
</tr>
<tr>
<td>E</td>
<td>Both Electronic and Paper-based Calendars</td>
<td>14 (17%) 32 (38%)</td>
<td>6.8</td>
</tr>
<tr>
<td>F</td>
<td>Electronic Calendar (Cell phone)</td>
<td>20 (24%) 7 (9%)</td>
<td>14.2</td>
</tr>
<tr>
<td>G</td>
<td>Electronic Calendar (Laptop)</td>
<td>1 (1%) --</td>
<td>7.6</td>
</tr>
<tr>
<td>H</td>
<td>Both Cell and Laptop</td>
<td>5 (6%) 4 (5%)</td>
<td>8.8</td>
</tr>
<tr>
<td>I</td>
<td>None (write information in notebook brought to class)</td>
<td>6 (7%) 2 (2%)</td>
<td>14.5</td>
</tr>
<tr>
<td></td>
<td>N=82</td>
<td>N=26</td>
<td></td>
</tr>
</tbody>
</table>

A group with a comparable amount of missed deadlines (14.2 of 26) relied on their cell phones for a calendaring system. Discussions with these students revealed that a majority of them simply inputted role-play appointment times and task due dates into their devices. Rarely did they set and prioritize tasks to be accomplished, develop to-do lists, utilize reminder or memo functions, or track projects from conception to completion. This resulted in inadequate time to properly prepare for, execute, and follow through on tasks related to the role-play assignments. As one student stated, “I guess I wasn’t proactive about using my cell...I never really planned my days but instead felt it was enough to just record my work schedule, other appointments and meetings, or class-related stuff like exam and assignment due dates. It never occurred to...
me to think about how much time I needed in advance to prepare for our role plays. I just thought I would do it in my free time and keep pushing it back because something else would constantly come up.” Table 2 shows that more than half of these students (13 of 20) subsequently switched to a different type of calendaring system, the majority of which opted for a combination of both electronic and paper-based. Students felt more in control of their time when they could see it laid out on paper and began to develop to-do lists and then find blocks of time to get tasks done in a timely manner.

One might also conclude from the results that all paper-based calendaring systems are not equal. The downloadable calendar option provided by the instructor was initially chosen by 16% of the students. Yet, it looks as if it was not very useful for helping students to meet deadlines and thus all but one student chose to switch to a different calendaring method.

Other paper-based systems seemed to work better. The downloadable calendar with notes allowed students to better plan their days. Many students commented that the ability to create schedules, develop to-do lists, record ideas and document other information in a common area provided the visual confirmation needed to stay focused on successfully completing project tasks.

The ability to meet deadlines was even better for students that selected their own paper-based system instead of the instructor provided calendars. Results reveal that students were able to meet more deadlines. In fact, students using a planner-based system missed the least amount of deadlines (3.1 of 26) and the number of students using this type of system grew almost 66% by the time the semester had ended. Many of the converts never thought of investing in such a system but liked the benefits that their peers using planners received.

Approximately 40% of the students were utilizing a combination electronic and paper-based system by the end of the course. Students learned to record appointments, deadlines, etc. electronically and then print out the information to place in a paper-based calendar or planner to develop an ongoing visual of the steps and progress toward accomplishing a goal. One student declared “While my cell is my lifeline, I believe a (paper-based) planner increases my professional integrity and makes others take me more seriously. When I put info into my cell I am focused on what is convenient for me. When I open my planner I think of the bigger picture and what I need to accomplish that impacts not only me, but others as well.”

**IMPLICATIONS AND CONCLUSIONS**

Results indicate different outcomes depending upon the extent of application of the behaviors measured by Macan et al. Greater success was realized by those students incorporating some elements of goal and priority setting with mechanics of time management.

The act of entering deadlines into a calendaring tool is a step in time-management. Results for students who used a simple tool to enter deadlines, in the absence of other skills and tools, those in group F in Table 2, were equivalent to doing nothing.

Based upon the results displayed in the table and student comments, the employment of a paper based planner system, group D, put the assignment, rather than just the deadlines, into the context of time. Thus this system did more to allow students to realize the goals of the project and the interaction of those with other important elements of their lives. This forced choices for students, made them aware of tradeoffs between the 68 hour work week and the accomplishment of their educational goals.

In today’s action oriented culture where convenience and speed drive much of what we do it becomes apparent that simplified, electronic tools, like the calendaring available on a cell phone, simply satisfy only one element of time management, the mechanics. Students who have grown up with these conveniences may need additional motivation and instruction on the difference between these mechanics and the actual thought involved in planning and scheduling activities to manage the accomplishment of goals. Many technology oriented students resist this level of involvement in their planning. Their faith in the superiority of electronic tools may cause them to reject more elaborate planning methods as old-fashioned and outdated.

In the workplace, as in higher education, meeting deadlines is one predictor of success. The opportunity for improved results coupled with the findings from Macan et al (1990), that these constructs are predictors of work and life satisfaction, grade point average, self-reported performance, and management of role ambiguity, role overload, and stress level may serve as the needed motivators. Learning these skills through the application of planning and scheduling, goal setting and prioritization to class projects will confer a much need skill.
NOTE: Comments taken from emails and reflection exercises assigned after the completion of each project. Sample email comment (Britney K)

I know this is late, just like my last thing, and I am sorry but I promise this won’t keep happening. My second job ends on Sunday so I will go from working 68 hours a week to 40, which will free up a lot of my time. I know there is no excuse for it but I just thought I should let you know.

REFERENCES


ABSTRACT

Students graduating from college today enter a somewhat uncertain job market. Companies have eliminated jobs and have been slow to add jobs back as the economy shows subtle signs of improvement. In this market, students need to take responsibility for ensuring that they are as prepared as possible for the challenges ahead. Students may be advised to prepare for this market by distinguishing themselves through internships, undergraduate research, service learning, club involvement, and volunteering. They are further encouraged to develop the skill set that employers in their chosen field will desire, if not demand. Colleges and universities clearly have responsibilities in helping students prepare for the job market as well. Certainly, designing academic programs that provide the knowledge and skills that students will need upon graduation is critical. Ensuring that students have opportunities to participate in developmental interactions, such as those identified above, is also vital. So too is proper mentoring and advising, as well as providing students with the information that they need to make career oriented decisions. In fact, in this tight employment market, career services are gaining clout and academic institutions see career planning as a means of both recruiting and retaining students (Lipka, 2008).

This paper describes in detail the design, development and implementation of a marketing career speed networking event that students in two sections of Consumer Behavior participated in during class time (n=57 of a possible 66). Qualitative and quantitative results suggest that the event achieved identified learning outcomes and offered a new and innovative way of bringing career information directly into the classroom. In general, students indicated that they do not receive enough information about careers outside of class. They responded favorably to using class time for a career oriented event, felt it would be beneficial to have an event similar to this in at least one class per academic year, and indicated that the event was an enjoyable way to learn about marketing and management related careers. ANOVA and t-tests were used to compare results by academic year, section, and whether a student had visited the Career Center or not. Feedback from students and from the career professionals is provided and recommendations for improvements to the activity are suggested.
ABSTRACT

Students choose to sit in a particular place in class for a variety of reasons including perhaps that their choice is purely random. Their motivation and perceptions may unknowingly play a role in their class engagement and academic performance. Student actual seat location may have an even greater influence in this regard. Having a better understanding of this process and its relationship to student performance is instrumental in setting up class policies intended to enhance student learning and achievement. For example, having students fill the void that often exists in the front and center of the room while periphery seating is maxed to capacity could make a difference for everyone’s learning experience.

This study was conducted at a small private college in the Midwest region of the United States. Six professors covering 19 sections of Accounting (9), Business Administration (2), and Marketing (8) courses were asked to make class seating charts and record course final grades as well as the cumulative grade point average for each student. This was done over two semesters in the same academic year. Classrooms ranged in capacity from 30 to 45 students and all classes were held in the same building. The researcher categorized student seating as Front Row, Front Half, Back Half, and Back Row to account for the variance in the number of seats per row.

The researcher then administered a survey on seat selection to students enrolled in the second semester courses in this study. The survey was only administered in the second semester to minimize duplication of students from the first semester. The survey asked students for their level of agreement on each of eight items. Student responses were recorded using a 5-point Likert scale where 1 = strongly disagree and 5 = strongly agree. Students were also asked to indicate where they sit on the first day of class and then to elaborate with a written rationale if their choice was the front or the back of the class. Demographic data such as sex, age, major, and classification were also documented on the survey.

Previous studies demonstrated that student motivation plays a role in student performance regardless of seat selection. The results of this study indicate however, that in smaller classes, students who sit in the front half of the classroom are not necessarily more motivated to earn a higher a grade, rather when it comes to seat selection they consider practical matters to enhance their learning experience. Those sitting in the back row do not perceive that those sitting closer perform any better in the class or in college overall. Those who sit closer to the front also do not perceive any academic advantages based on seat selection. The net result is that motivation and perception are not prominent factors in student performance related to seat location in classes with less than 35 students. Further, the results of this study indicate that those sitting closer to the front actually do perform better academically.

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MODELING GREEN TRANSPORTATION COSTS IN AN INTEGRATED SUPPLY CHAIN

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Alfred L. Guiffrida, Kent State University

ABSTRACT

In this paper, we present a fixed charge transshipment model which explicitly includes the carbon footprint for motor carrier transportation. We illustrate the model using a numerical example and discuss the implications of integrating the model into the transportation policy of an integrated supply chain.

INTRODUCTION

Environmental concerns have led to wide-spread interest in green and sustainable practices in the manufacturing and service sectors. These concerns have directly impacted how organizations design, coordinate, and manage their supply chains and has generated a huge interest in the topic of “green supply chain management”. Srivastava (2007) defines green supply chain management (GSCM) as the integration of environment thinking into supply chain management. This includes product design, material sourcing and selection, manufacturing processes, delivery of the final product to the consumers, and end-of-life management of the product after its useful life. Frameworks for integrating green and sustainable practices into supply chains may be found in Carter and Rogers (2008), Vachon and Klassen (2006) and Sarkis (2003).

The supply chain management philosophy is based upon the integration of the formally stand-alone activities of production planning, inventory control, purchasing, and distribution. Nearly all firms have accepted the supply chain business model as a means to improve business performance and often use mathematical optimization models as decision tools to improve supply chain performance. Nearly all of the models used are extensions to two classical optimization models that appeared in the operations research literature: the transportation model of Hitchcock (1941) and the fixed charge model of Hirsch and Dantzig (1954).

In our review of the current literature, we note that few, if any supply chain optimization models incorporate green and/or sustainability variables into their mathematical formulations. In this paper, we develop a green-based supply chain optimization model for use in managing transportation policy. The model formulated and demonstrated herein contributes to the literature for the following reasons: i) Bowersox et al. (2010) note that the largest element of logistical cost incurred in a supply chain is due to the mode of transportation, ii) Golicic et al. (2010) identify that developing a sustainable supply chain transportation strategy is a key concern of organizations, and iii) as reported in Supply Chain and Logistics (2009, p. 42), only 10% of companies are actively modeling their supply chain carbon footprints and have implemented successful sustainability initiatives. Cost is commonly identified as a key performance measure in the management of a supply chain (for example, Beamon, 1998). Hence, unless the transportation component of the supply chain is managed effectively, the overall performance of the supply chain will be affected. In light of the aforementioned concerns for green practices in transportation, an optimization model for the transportation component of a supply chain which addresses green initiatives will prove useful to firms as a decision tool to assist in the managing of the transportation component of their supply chain.

This paper is organized as follows. In the next section we review the literature on optimization models that include a green cost component. Following this review we present our model and demonstrate it by numerical example. We conclude with a summary of our findings and discuss future research initiatives.

LITERATURE REVIEW

In this section we present a summary of optimization models reported in the literature for determining operating policy decisions when green costs (carbon emissions and related atmospheric pollutants) are included into the model formulations.

Green Optimization Models

Schipper et al. (2008) modeled the total emissions of carbon monoxide (CO), simple hydrocarbons and their variations, particulate matter, sulfur oxides ($SO_x$), and carbon dioxide ($CO_2$) for the transportation system.
supporting the area around Hanoi, Socialist Republic of Vietnam. Emissions were calculated using a fuel-based, mass-balance approach and were modeled for each individual pollutant type and then summed over all vehicle and fuel types: \( \sum \{ \text{Total distance (km) traveled by vehicle type} \} \{ \text{emission factor (g/km) by vehicle type} \} \).

Cordeiro (2008) studied the emissions resulting from the existing bus network in the state of Queretaro, Mexico and the expected emission reductions from six different project scenarios affecting change to the existing network. The vehicle emissions of pollutant \( p \), were calculated using:

\[
E_p = \sum_{vf} \frac{N_{vf} VKT_{vf} EF_{vf}}{1000000}
\]

where

- \( p \) = type of pollutant
- \( v \) = type of vehicle
- \( f \) = type of fuel
- \( E_p \) = vehicle emissions of pollutant \( p \) (tons/year)
- \( N_{vf} \) = number of vehicles by vehicle and fuel type
- \( VKT_{vf} \) = annual average km traveled by vehicle model and fuel type (km/year)
- \( EF_{vf} \) = emission factor for contaminant by vehicle model and fuel type (g/km).

Anciaux and Yuan (2007) construct an intermodal (truck, train, and ship) optimization model to minimize the total transportation costs for delivering goods from the Peugeot factory in Paris to Marseille. The model includes a term \( I_g \) that quantifies the total air emissions from pollutants (\( \text{CO}_2, \text{NO}_x, \text{SO}_2, \) hydrocarbons, and dust) during product shipment. This term in the model is defined as

\[
I_g = \sum_{k=1}^{K} \sum_{j=1}^{J} x_{i,j,k} \left( \mu_i + \xi_j \left( \frac{Q_i - A - \mu_i B}{B} \right) \right) \sum_{r=1}^{R} e_r(Q,V)
\]

where

- \( I_g \) = total air emission during the shipment
- \( i \) = defines the mode of transportation
- \( t \) = defines the type of pollutant
- \( k \) = defines the delivery zone
- \( e_{r,i} \) = unit of air pollutant \( t \) in weight per unit of weight transported per unit of distance shipped by transportation model \( i \).
- \( x_{i,j,k} \) = the units shipped to zone \( k \) using transportation mode \( i \).
- \( Q = \) total weight of products to be transported
- \( V = \) total volume of products to be transported
- \( A = Q / V \)
- \( d_{i,k} \) = the distance traveled in zone \( k \) using transportation mode \( i \)
- \( B = \) the noise cost of the total shipment
- \( \xi = \) a fit parameter, \( 0 \leq \xi \leq 1 \)
- \( \mu_i = \) a capacity parameter for transportation model \( i \)

Paksoy et al. (2010) presented a multi-objective linear programming model of a closed-loop supply chain network that minimizes transportation, green, and raw material purchasing costs. An interesting feature of this model formulation is that penalty costs are levied in the reverse logistics portion of the model for extra carbon dioxide emissions.

\[
P_{CO_2} = \sum_{i,j,k} \left( \sum_{r=1}^{R} \sum_{t=1}^{T} X_{i,j}^{r,t} \text{CO}_2^{r,t} + \sum_{j=1}^{J} \sum_{i=1}^{I} Y_{j,i}^{r,t} \text{CO}_2^{j,i} + \sum_{k=1}^{K} \sum_{r=1}^{R} Z_{k,r}^{t} \text{CO}_2^{k,t} \right)
\]

where

- \( i, j, k \) = the number of suppliers, plants, distribution centers (DC)
- \( l, m, p \) = the number of customers, collection centers, dismantlers
- \( d, t, r \) = the number of decomposition centers, trucks, raw materials
- \( \text{CO}_2^{i,t} - \text{CO}_2^{j,t} = \) unit CO2 emissions for all trucks serving \( i, j, k, l \)
- \( X_{i,j}^{r,t} = \) units of raw material \( r \) via truck \( t \) from supplier \( i \) to plant \( j \)
- \( Y_{j,i}^{r,t} = \) transported product \( r \) via truck \( t \) from plant \( j \) to DC \( k \)
- \( Z_{k,l}^{t} = \) transported product \( r \) via truck \( t \) from plant \( j \) to warehouse
- \( Q_k^{r,t} = \) transported product \( r \) via truck \( t \) from warehouse to DC \( k \)
- \( W_{l,t}^{r} = \) transported product \( r \) via truck \( t \) from warehouse to customer \( l \)
- \( E_{r,t}^{k,l} = \) transported product \( r \) via truck \( t \) from DC \( k \) to customer \( l \)
- \( P_{CO_2} = \) penalty cost for extra carbon dioxide emission ($0.05/\text{gr}$ if $> 2000 \text{ kg CO}_2$)
Carbon Emission Modeling

Daccarett-Garcia (2009) presents an excellent summary of methods to calculate carbon emissions for transport trucks and reports that carbon emission calculations can be based on either the gallons of diesel fuel consumed (which results in 10.1 kilograms of carbon dioxide per gallon of fuel) or the number of miles traveled (which results in an average of 1.01 kilograms of carbon dioxide per kilometer). The following equation is for modeling carbon dioxide emissions ($CDE$) based upon diesel fuel utilization:

$$CDE = \left(10.1 \text{ kg/gal}\right) \left(\sum_i \sum_j \sum_k \left(\frac{X_{ijk}D_j}{E_i}\right)\right) \quad (4)$$

where

- $i, j, k =$ defines the truck type, route and day
- $X_{ijk} =$ number of trips made by truck type $i$ to route $j$ in day $k$
- $D_j, E_i =$ distance of route $j$, fuel efficiency of truck type $i$.

The lead coefficient representing the carbon dioxide emission per gallon of diesel is determined as follows:

$$CO_2 / \text{Gallon} = \left(\frac{\text{carbon content}}{\text{gallon}}\right) \times \text{oxidation factor} \times \left(\frac{\text{m.w. } CO_2}{\text{m.w. } C}\right) \quad (5)$$

Entering the following set of parameters to the above equation: oxidation factor for diesel (0.99) and the molecular weights (m.w.) of CO$_2$ and carbon (44 and 12 respectively) yields:

$$CO_2 / \text{Gallon} = 2.778 \text{ g/gal} \times 0.99 \times \left(\frac{44}{12}\right) = 10.084 \text{ g} = 10.1 \text{ kg/gal} \quad (6)$$

MODEL DEVELOPMENT

The model developed herein combines the transshipment model with fixed charge factors and integrates a penalty factor for carbon emissions. A fixed charge is applied when products are shipped along a route. Additional fixed charges are applied for each additional truck used along a route. For example, if the trucks used along a certain route have a capacity of 100 units, and 150 units are shipped, then two trucks are needed and two fixed charges are applied. As expected, additional trucks also increase the carbon footprint.

This model allows the user to dictate the truck capacities for each route. The model also allows for different rates of carbon emission associated with each route and truck type.

The model introduces a penalty factor for carbon emissions, $p$, which is used in the objective function as a way to quantify the company’s desire to reduce carbon emissions. The more inclined a company is to reduce its carbon footprint, the higher the penalty factor. Stated explicitly, the penalty factor is how much a company is willing to spend to save one kilo of CO$_2$ emissions.

The objective is to minimize total cost, $Z$.

$$Z = \sum_{i=1}^{n} \sum_{j=1}^{n} [c_{ij}x_{ij} + k_{ij}y_{ij} + p(g_{ij}y_{ij})] \quad (7)$$

where

- $i = 1, 2, \ldots, n$ starting points (sources);
- $j = 1, 2, \ldots, n$ ending points (destinations);
- $x_{ij} =$ units shipped along route $ij$;
- $c_{ij} =$ cost per unit shipped along route $ij$;
- $y_{ij} =$ an integer value = the number of fixed charges along route $ij$;
- $k_{ij} =$ fixed setup charge to ship along route $ij$;
- $t_{ij} =$ units at which each fixed charge is to be applied along route $ij$;
- $f_j =$ net flow (received – shipped) for destination $j$;
- $g_{ij} =$ kilograms of CO$_2$ emitted per truck along route $ij$;
- $p =$ penalty factor per kilogram of CO$_2$;

subject to

$$\sum_{i=1}^{n} (x_{ij} - x_{ji}) = f_j \quad (8)$$

$x_{ij} \geq 0$, $y_{ij} \geq x_{ij} / t_{ij}$, $t_{ij} > 0$, $k_{ij} \geq 0$, $i = 1, 2, \ldots, n$, $j = 1, 2, \ldots, n$.

Flow, $f_j$, is simply the net inflow or outflow of units from or to each city. Fixed costs, $k_{ij}$, are applied to each truck used along each route. If the route is not used, no fixed charges are applied. Cost per unit, $c_{ij}$, is applied to each unit, $x_{ij}$, shipped along each route. Truck capacity, $t_{ij}$, defines the capacity of the truck(s) used along each route. Kilos of CO$_2$ emissions, $g_{ij}$, are calculated for each route.
Example

In order to illustrate the model, a five city two-stage balanced example is presented with supply points of Boston, Cleveland, and Orlando and demand points of Columbus and Indianapolis. For the purposes of this example an average of 1.01 kilograms of carbon dioxide per kilometer is used. If more detailed data was available, then more exact figures could be used. Finally, the penalty factor for CO₂ emissions, \( p \), in this example is set at 1.6, meaning the company is willing to spend $1.60 for every reduction of one kilo of CO₂ emissions. Figure 1 shows the details of the example. The model was formulated and solved using LINGO (please contact authors for supporting LINGO code).

Our objective is to minimize the total cost of the system when taking the penalty factor of CO₂ emissions into account. In this example, the most cost effective solution with no regard for CO₂ emissions is quite different from the solution presented here that applies a penalty cost for CO₂ emissions.

The shipment schedule resulting from the solution of the above numerical example is shown in Figure 2. The total cost was $14,050 with CO₂ emissions of 4367 kilos. Boston shipped all of its 500 units in one truck to Cleveland. Cleveland, now with Boston’s 500 units plus its 400 units of production shipped 150 units to Columbus aboard one truck and the remaining 750 units to Indianapolis split between three trucks. Finally, Orlando shipped all 350 of its units to Columbus aboard one truck. This solution, while not the cheapest solution or the one with the lowest carbon footprint, provided a compromise between cost and CO₂ emissions.

Figure 1 Model Specification and Supporting Data for Numerical Example

<table>
<thead>
<tr>
<th>Flow</th>
<th>Boston</th>
<th>Cleveland</th>
<th>Orlando</th>
<th>Columbus</th>
<th>Indianapolis</th>
</tr>
</thead>
<tbody>
<tr>
<td>( x )</td>
<td>500</td>
<td>500</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>( x ) = Fixed Cost</td>
<td>Boston</td>
<td>Cleveland</td>
<td>Orlando</td>
<td>Columbus</td>
<td>Indianapolis</td>
</tr>
<tr>
<td>Boston</td>
<td>0</td>
<td>200</td>
<td>500</td>
<td>725</td>
<td>50</td>
</tr>
<tr>
<td>Cleveland</td>
<td>200</td>
<td>0</td>
<td>325</td>
<td>50</td>
<td>75</td>
</tr>
<tr>
<td>Orlando</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>325</td>
<td>50</td>
</tr>
<tr>
<td>Columbus</td>
<td>225</td>
<td>50</td>
<td>325</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>250</td>
<td>0</td>
<td>75</td>
<td>50</td>
<td>55</td>
</tr>
<tr>
<td>( c ) = Per Unit Cost</td>
<td>Boston</td>
<td>Cleveland</td>
<td>Orlando</td>
<td>Columbus</td>
<td>Indianapolis</td>
</tr>
<tr>
<td>Boston</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Cleveland</td>
<td>6</td>
<td>0</td>
<td>15</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Orlando</td>
<td>12</td>
<td>18</td>
<td>0</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Columbus</td>
<td>8</td>
<td>14</td>
<td>14</td>
<td>0</td>
<td>14</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>9</td>
<td>6</td>
<td>15</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>( t ) = Truck Capacity</td>
<td>Boston</td>
<td>Cleveland</td>
<td>Orlando</td>
<td>Columbus</td>
<td>Indianapolis</td>
</tr>
<tr>
<td>Boston</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cleveland</td>
<td>500</td>
<td>500</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Orlando</td>
<td>500</td>
<td>500</td>
<td>1</td>
<td>500</td>
<td>300</td>
</tr>
<tr>
<td>Columbus</td>
<td>300</td>
<td>400</td>
<td>500</td>
<td>110</td>
<td>300</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>400</td>
<td>300</td>
<td>300</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>( m ) = Kilo CO₂</td>
<td>Boston</td>
<td>Cleveland</td>
<td>Orlando</td>
<td>Columbus</td>
<td>Indianapolis</td>
</tr>
<tr>
<td>Boston</td>
<td>0</td>
<td>1042</td>
<td>666</td>
<td>1244</td>
<td>1520</td>
</tr>
<tr>
<td>Cleveland</td>
<td>1042</td>
<td>0</td>
<td>1802</td>
<td>571</td>
<td>1079</td>
</tr>
<tr>
<td>Orlando</td>
<td>2099</td>
<td>1092</td>
<td>0</td>
<td>1549</td>
<td>1281</td>
</tr>
<tr>
<td>Columbus</td>
<td>1294</td>
<td>237</td>
<td>1546</td>
<td>0</td>
<td>285</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>1520</td>
<td>237</td>
<td>1544</td>
<td>285</td>
<td>0</td>
</tr>
</tbody>
</table>

CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH

In this paper we have presented a model for managing the transportation policy in a supply chain when the cost associated with the carbon footprint produced during transportation is explicitly included. The model presented extends the literature by incorporating green transportation costs (in the form of the carbon footprint) into the format of the fixed charged transshipment model. The model is structured using a cost penalty for the level of carbon emissions generated in transporting products from sources of production to the final customers in the supply chain. This feature of the model allows the transportation manager to conduct a sensitivity analysis across a set of workable transportation assignments to determine the solution that best fits the organization’s current aspirations for controlling their transportation carbon footprint.

There are several aspects of this model that could be expanded. First, stochastic demand and capacities could be introduced into the problem setting. Second, the model could be expanded to incorporate multiple products. Lastly, the model could be expanded to incorporate intermediary nodes in the supply chain which offer breaking-in-bulk and/or consolidation activities.
REFERENCES


ABSTRACT

The propensity towards customer-focus in today’s business environment has resurrected the importance of “value” in supply chains. In light of growing environmental concerns over global warming and carbon footprints, this paper includes environmental sustainability as a core attribute of best value supply chains and makes the case for value sourcing.

INTRODUCTION

In his seminal work on the implementation of competitive strategy to achieve superior business performance, Michael Porter (Porter 1985) developed and popularized the concept of “value chain”, i.e., activities that work together to provide “value” to the end customer. Interestingly, over the past decade or so, a key facilitating mechanism in the evolution of supply chain management (SCM) has also been a customer-focused corporate vision (Tan 2001) which drives value throughout a firm’s internal and external linkages. Most corporate initiatives aim at developing appreciation and awareness of customer needs and values, and then orchestrating the firm’s activities to maximize efficiency in providing those needs (via services) in minimum time and at the minimum cost, while not compromising on quality. An objective understanding of “value” is thus achieved when the degree to which the needs are met exceed the price paid to meet those needs.

Henry Ford’s epigram, “The customer can have any color as long as it is black” has today entered American folklore and is best suited in Utopia. The essence of “value” is thus more profound in today’s global business dynamics than it has been ever before. With the growth of the internet and e-commerce, sensitivity of customers to timeliness, price, and quality has increased manifold. Today’s supply chains have to provide both standardization (in terms of speed and quality) as well as flexibility at a lower cost! Since it is often argued that value, like beauty, is in the eye of the beholder; the question therefore is: what enables the balancing of speed, quality, flexibility, and costs in the supply chain to provide “value” to the end customer? This paper banks on a value-added supply management initiatives to answer the question posed above and introduces the concept of value sourcing.

The evolution of SCM continues in the 21st century as organizations extend best practices in managing corporate resources to include sourcing strategies into the “value” chain (Ketchen et al. 2008). In this context, we define value sourcing as “a set of customer-focused supply management initiatives that enables an organization in the selection and management of suppliers”. We contend that value sourcing is a prerequisite for establishing responsive supply chains in today’s competitive global landscape that in turn instills customer value. Our paper has three main goals. First, we refoster the importance and role of sourcing in the supply chain. Second, we critique the current view on value chains and their attributes. Third, we lay out a case for value sourcing by illustrating sourcing initiatives for best value supply chains.

SOURCING AND SUPPLY CHAINS

The earliest concept of SCM emerged as manufacturers experimented with strategic partnerships with their immediate suppliers. Leading text books in the 1990s in fact suggested SCM as “the purchasing department’s efforts to develop better, more responsive suppliers” (Leenders 1997). In retrospect, purchasing has been one aspect of SCM that promises better cost control and utilization of resources, given the challenges of reducing costs while improving service levels (Carter et al. 2000). Within the context of purchasing activities, and given the intense global competition, increasingly demanding customers, and shortened product life cycles of the complex business environment we thrive in, appropriate selection and management of the supply base is key to efficient flow of materials and/or services in the supply chain. It thus comes as no surprise that sourcing is a key element in strategic supply chain management (Lee 2004; Ketchen and Hult 2007; Ketchen et al. 2008).
An efficient sourcing strategy acts as the liaison between the supply base and customer requirements by building on three necessities: to closely align buying cycles with production requirements (due to new manufacturing and IT trends), to streamline purchasing and supply management activities for cost containment and elimination of “non-value added” tasks, and to facilitate the general trend towards outsourcing and increased reliance on suppliers for critical materials and components (Kocabasoglu and Suresh 2006).

VALUE CHAINS AND THEIR ATTRIBUTES

Instead of emphasizing on maximizing speed or minimizing cost alone, the current business landscape advocates an overarching approach designed to deliver superior total value to the customer in terms of speed, cost, quality, and flexibility. Following Lee’s seminal work that orchestrates around three essential attributes of a successful supply chain, i.e., agility, adaptability, and alignment (Lee 2004), Ketchen and Hult (2007) identify best value supply chains in light of these three attributes and illustrate specific supply chain dynamics that build on those attributes, as shown in Table 1 below. Based on traditional perceptions of customer satisfaction and “total value” to a customer, such an agile, adaptive and aligned supply chain that balances speed, quality, cost, and flexibility has been well accepted in both academia and practice.

Table 1. Attributes of Best Value Supply Chains (Ketchen and Hult 2007)

<table>
<thead>
<tr>
<th>The Case for Value</th>
<th>Best Value Supply Chains</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Priorities</td>
<td>Total value across speed, quality, cost, and reliability</td>
</tr>
<tr>
<td>Agility</td>
<td>Strong ability to be proactive as well as responsive to changes</td>
</tr>
<tr>
<td>Adaptability</td>
<td>Maintain a limited set of multiple chains to ensure distribution</td>
</tr>
<tr>
<td>Alignment</td>
<td>Interests of participants coincide</td>
</tr>
</tbody>
</table>

However, in the past decade, industrialization has swept all parts of the globe. Third-world countries like China, India, and Brasil have emerged as the superpowers of tomorrow. With their abundant supply of manpower, technical expertise, and low labor costs, these developing countries have levelled the battle grounds, so to speak. With consumer spending increasing, consumption in these countries has increased too. In the summer of 2010, the Wall Street Journal has reported that China, for the first time, has topped the chart in energy use, ahead of the United States (Swartz and Oster 2010). The scourge of global warming is thus no longer a fad.

Given this scenario, the expectation that all firms in the supply chain behave as responsible environmental citizens working towards a sustainable green environment is timely and appropriate (Barry 2006) and thus needs to find its place within the structuration of “total value to the customer”. However, here is the dilemma: traditionally, environmentally friendly endeavors are not cost effective in the short run (as an example: the fixed costs of alternative sources of energy like biomass, fuel cells, solar, nuclear, etc. are much higher than the traditional sources). Thus, we contend that incorporating “green” within the best value supply chain matrix essentially calls for re-balancing the priorities: speed, quality, cost, and flexibility along a fourth attribute in addition to agility, adaptability, and alignment: environmental sustainability.

A CASE FOR VALUE SOURCING

The most critical component of this paper is to understand the initiatives of sourcing that facilitate success of best value supply chains by balancing speed, quality, cost, and flexibility along the attributes of agility, adaptability, alignment, and environmental sustainability. The following subsections discuss the role of sourcing in meeting the expectation of each of these attributes. In the process, we flush out core sourcing initiatives that make the case for “value” sourcing.

Sourcing and Competitive Priorities

A formidable advantage of best value supply chains lay in the traceability of total supply chain performance by gaining insights into total value across speed, cost, quality, and flexibility. As all four of these competitive priorities are performance metrics, in the sourcing world, this translates to the performance of the suppliers from which the product and/or service is sourced. Supplier performance in this regard is attributed to cost of material and delivery, speed of delivery, quality of produce, as well as reliability of delivery. In this context, it needs to be remembered that supply risk influences supplier performance, and that the impact of supply risk on supplier performance is perceived by the buyer to the extent a supply scenario is deemed “risky” by the buyer. Therefore, we need to consider not only basic competitive priorities like speed, cost, quality, reliability and their interactions, but also the impact of supply risk on these priorities, which in turn is governed by the buyer’s perception and assessment of risk. This assessment of supply risk is grained into the buyer’s evaluation of the supplier.
Assessing supply risk is thus an area of paramount importance in sourcing. Inbound supply risk can be conceptualized within the domains of probability and impact (Zsidisin et al. 2004). Probability, within a supply management context, is a measure of how often a detrimental event that results in a loss occurs. Impact, on the other hand, refers to the significance of that loss to the organization. Thus supply risk is perceived to exist when there is a relatively high likelihood that a detrimental event can occur and that event has a significant associated impact or cost (Shapira 1995; Hallikas et al. 2004). Probability and impact of a detrimental event hampers each of speed, quality, cost, and reliability.

Supply risks reduce the speed, quality, and reliability of delivery, while increasing costs. As supply chains spread globally, risks of operational disruptions become less controllable and more costly. Supply risks abound: maritime attacks in the Gulf of Aden, H1N1 in Mexico, SARS in Hong Kong, currency crisis and supplier insolvency in Argentina, credit meltdown in Iceland (Bhattacharyya, Datta, and Offodile 2010). As an illustration, in June of 2009, Mexico lost $57 million per day from operational threats related to the H1N1 virus; furthermore, two days after the H1N1 was defined as a pandemic by the World Health Organization (WHO), the US closed all land routes to and from Mexico (Shah 2009). This example is an instantiation of the impact of risk on speed of delivery and related spike in cost. Lower speed of delivery increases lead time, which in turn reduces quality and reliability.

Following Wagner et al. (Wagner, Bode, and Kozioł 2009) that “managerial decision making is more realistic if the strength and structure of interrelationship between variables are accounted for in decision making models”, this research area aims at understanding the impact of supplier performance measures and their interrelationships on total procurement cost, and thus provides a holistic view of cost incurred to the buyer. Total Procurement Cost (TPC) is the cost incurred to the buyer for sourcing a product. Unraveling TPC aids buyers by considering all costs associated with sourcing an item, which includes (but is not restricted to) the supplier’s manufacturing cost, added costs of quality and lead time, and the cost of supply risks.

Sourcing, Adaptability, and Agility

In the context of a supply chain, adaptability is the willingness and capacity to reshape supply chains when necessary (Ketchen et al. 2008). The following example with Motorola illustrates sourcing initiatives towards adaptability. Motorola Inc. buys many of its handset components from multiple vendors. Doing so prepares the company for disruptions without building up fast-depreciating inventory. Motorola lowers the cost of redundancy by using multiple suppliers for high-volume products and single sourcing for low-volume products. If disruptions in the supply chain increase, Motorola will increase its dependence on multiple vendors, instead of its trust in any single one. Agility, on the other hand, is the relative capacity to act rapidly in response to dramatic changes in supply and demand (Ketchen et al. 2008). Since sourcing is often times viewed as the “inbound” portion of this supply chain (from raw material to manufacturer), its increasingly significant role in the supply of products and/or services cannot be underestimated. The following example illustrates the impact of sourcing strategy on both agility and adaptability in an effort to balance the competitive priorities speed, cost, quality, and reliability.

Gap uses a three-pronged strategy (Lee 2004) to cater to its customer base. It aims the Old Navy brand at cost-conscious consumers. Thus, in terms of a sourcing strategy for Old Navy, cost will be at the top of the competitive priorities. In fact, the entire manufacturing and sourcing for Old Navy is set in China to ensure cost efficiency. The Gap line is designed for “trendy” buyers, and thus speed and reliability of delivery is of essence. To account for speed at the top of competitive priorities, sourcing initiatives would include minimum supply risks and adherence to multiple suppliers in case of a disruption in supply. In fact, Gap maintains its chain in Central America to guarantee speed and reliability and minimizes supply routes to mitigate supply risks. Finally, the banana republic collection is aimed for customers who put quality ahead of everything. In this context, sustainable procurement suddenly matters, as customers are willing to pay a premium for the excess quality. In spite of supply risks across a continent, Gap continues to maintain the supply network of banana republic in Italy to ensure quality. We thus contend that choosing the right mix of sourcing initiatives can help create these “set of experiences” for the end customer by adjusting the initiatives in line with the competitive priorities, thereby creating “value” by bolstering agility, adaptability, alignment, and environmental sustainability in the supply chain.

In this context, another important sourcing aspect that enhances both agility and adaptability is early supplier involvement. Early Supplier Involvement involves supplier participation at concept or design/redesign phase of product development, taking advantage of supplier design capabilities (O'Neal 1993). Literature on supply chain risk management cites “early supplier involvement” to mitigate risks and enhance buyer-supplier relationships (Sodhi and Chopra; Hallikas et al. 2004). Supply chains practicing early supplier involvement have been found to achieve reductions in
material cost and development time, while improving material quality (Monczka et al. 2009).

**Sourcing and Alignment**

Alignment is creating consistency in the interests of all participants in the supply chain. In order to gauge alignment of interest between the supplier and buyer, continuous supplier evaluation is a necessary area of sourcing. Continuous supplier evaluation is an essential total quality management (TQM) tool for buyers that requires suppliers to initiate statistical process controls (SPC), design of experiments (DoE), process capability studies, etc. to help the buyer to better gauge the supplier capabilities.

Only when a supplier is continuously evaluated is supplier development possible. Supplier development is a necessity when supplier is not up to speed with the buyer’s expectations, yet has potential to perform upon guidance and/or switching costs are high (Krause 1997). When the buyer facilitates vendor improvement, vendor improvement and success in turn leads to better long-term benefits to both parties (Watts and Hahn 1993; Krause and Ellram 1997).

Last but not the least, a crucial aspect of buyer-supplier alignment is operational synergy. Operational synergy in buyers and suppliers refers to the strength in alignment of their respective belief, culture, core competencies, etc. to facilitate operational excellence. Trust and Effective Contracting are two critical aspects of this buyer-supplier relationship that lead to synergy. Buyers face two strategic decisions when engaging in a new purchase transaction: the decision whether to draft a detailed contract and the decision whether to select a supplier with which they share a close tie. The buyer’s control influences these decisions and the effectiveness of these decisions in curtailing the supplier’s opportunistic behavior in different ways (Williamson 2008). Selecting a close supplier shows a marked ability to hedge against supplier opportunism, but beyond a certain point, it encourages the opportunism it is designed to discourage (Wuyts and Geyskens 2005). Contracting tends to become more effective when a not-so-close partner is selected and when the focal relationship is embedded in a network of close mutual contacts. Often times, a good working relationship over time increases mutual trust and replaces a detailed contract by an informal partnering agreement, characterized by a mutual commitment to problem solving and cost reduction (Mohr and Spekman 1994; Bozarth, Handfield, and Das 1998).

### Sourcing and Environmental Sustainability

Green Procurement is value sourcing’s answer to environmental sustainability. Green Procurement is the philosophy of procuring and supporting the design of physical objects and/or services that comply with the core principles of economical, social, and ecological sustainability (Sarkis 2003). Recyclable and environmentally friendly packaging materials, optimized travel routes and use of hybrid-powered vehicles to reduce transportation-related carbon footprint, green focus in corporate strategy, and energy conservation are key to environmental sustainability. Green procurement can be enforced into the sourcing strategy by incorporating a sustainable procurement checklist.

Table 2 below illustrates the attributes of best value supply chains and sourcing initiatives that facilitate “value” in supply chains, therefore making a case for “value sourcing”.

**Table 2. Sourcing Initiatives for Value: A Case for Value Sourcing**

<table>
<thead>
<tr>
<th>The Case for Value</th>
<th>Sourcing Initiatives</th>
</tr>
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<td>Agility</td>
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<td>Environmental Sustainability</td>
<td>Sustainable Procurement Checklist</td>
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### SUMMARY CONCLUSION

The case for best value supply chains is well made in the literature. In the light of growing environmental concern over global warming and carbon footprints, this paper justifies the inclusion of environmental sustainability as a core attribute of best value supply chains in addition to the ones already established by Lee (2004), Ketchen and Hult (2007) and Ketchen et al. (2008). This manuscript also makes the case that sourcing initiatives, grounded in a quest to deliver “value” to the final customer in a supply chain, need to balance competitive priorities like speed, cost, quality, and reliability to provide agility, adaptability, alignment, and environmental sustainability to the entire supply chain.
supply chain. The sourcing initiatives in regards to the competitive priorities and the aforementioned attributes have been discussed, thereby establishing a case for “value sourcing”.

REFERENCES


MAKING THE CONNECTION BETWEEN SUPPLY CHAIN MANAGEMENT AND A BUSINESS CURRICULUM THAT OFFERS MANAGEMENT AND MARKETING MAJORS

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Alfred L. Guiffrida, Kent State University

ABSTRACT

In this paper we examine the integration of the marketing and operations management curriculums in support of providing students with an understanding for the need and importance of the supply chain management philosophy as a means for an organization to gain and maintain its competitive advantage.

INTRODUCTION

Organizations today have demonstrated the importance to integrate rather than isolate the functional areas of their businesses. As academics, we are charged to insure that the academic curricula under our governance is providing students with the same level of importance attached to the linking and integration of the functional areas in the business school curriculum. In a recent survey, Fawcett (2009) reports that practitioners’ view the establishment of an undergraduate and graduate curriculum as a key factor in building a successful supply chain management program. As organizations increase their adoption and implementation of supply chain management into their overall corporate strategy, it is important that today’s students who will become tomorrow’s corporate leaders gain a comprehensive understanding of the supply chain management philosophy.

In a recent survey, Fawcett (2009) reports that practitioners’ view the establishment of an undergraduate and graduate curriculum as a key factor in building a successful supply chain management program. We argue that the integration of the marketing and operations management disciplines with the business school environment is critical to attaining a strong and viable supply chain management program. The need and importance for cross-functional integration between the marketing and operations management disciplines was first identified in the literature for nearly three decades ago. In early papers, both Bagozzi (1975) and Shapiro (1977) examined the rationale for marketing and operations to co-exist in support of the underlying and fundamental premise that marketing was the exchange of value among individuals, organizations, society, and all their stakeholders. The historical prominence of logistics, which many view as the origin of modern day supply chain management, within the marketing discipline was also well recognized (see for example, Novack, Rinehart, and Wells 1992). The marketing and operations interface has been discussed from the perceptive of coordinated and collaborative planning models for manufacturing and services (see for example Tang, 2010 and Pullman and Moore, 1999) as well as from the pedagogical perspective of cross functional team building and integrated decision making using simulation (see for example Darian and Coopersmith, 2001 and Ouardighi, Jorgensen and Pasin 2008). The marketing operations management interface is also a timely research topic as evident by the recent special issue of the Journal of Operations Management (Volume 20, 2002) in which six articles addressed methodologies on how to span the continuum between marketing and operations management.

The above cited literature represents a positive effort to integrate the marketing and operations management disciplines. The need for such integration is intensified by the premise for interdisciplinary planning and decision making which is inherent to the supply chain management philosophy (Larson, Poist, and Halldorsson 2007; Stank, Fugate, and Davis 2005). Because marketing tends to place a greater focus on customer relationships while operations management tends to focus more on process management and finished goods. This subtle difference can have an important impact on the entire departments in business; hence it is necessary to determine an optimum way to make the important decisions within this area. An Ohio State University Supply Chain Council (Cooper, Lambert, and Pagh, 1997) emphasized that supply chain management is more comprehensive than logistics, and encompasses the management of multiple business
DISCUSSION POINTS

In this section we present a set of discussion points for stimulating and channeling discussion on the integration of marketing and operations management in support of extending the scope of supply chain management education for business students. We make no claim as to the comprehensiveness of the list at this point in the research process. The list as presented is intended to provide a starting point for the important discussion of insuring that today’s business students leave academia with a knowledge base in supply chain management that meets the expectations of the organizations that will be their future employers.

The list of discussion points for integration of the marketing and operations management disciplines is organized along two themes (see Table 1). The first theme outlines a set of specific issues that have been identified in the literature to be important to the supply chain orientation of an organization. The second theme addresses pedagogical issues in the delivery of courses in marketing and operations management.

Examining Table 1, the four discussion points listed under the subheading of industrial concerns directly addresses the rising expectations that an organization’s supply chain must be managed with minimal negative effect on the environment. In both the academic and industrial settings there is not a clear consensus as to what constitutes a “green/sustainable supply chain strategy”.

Schools that offer majors in management and marketing often cover topics that overlap and reinforce their particular areas. Supply Chain Management, for example, continues to grow in importance in organizations today, and it is suggested that faculty addressing this topic must present and provide similar examples of the material. In recent years there has been an effort to teach business topics as being important across all majors such as the need for marketing students to understand financial concepts and management students to understand economics concepts and so forth, but we question whether supply chain management has achieved the same focus.

Table 1. Discussion Points for Integrating Marketing and Operations Management.

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<tr>
<th>a) Industrial Concerns:</th>
<th>Suggested Background Literature:</th>
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b) Pedagogical Concerns:

| 1. Can a consensus be drawn among business faculty regarding what constitutes supply chain management? |
| 2. Can marketing departments and management departments deliver a consistent theme regarding supply chain management? |
| 3. Does the delivery of supply chain management differ among large and small colleges and universities? |
| 4. Do current textbooks on supply chain management offer an integrated viewpoint of marketing and operations management? |

When reviewing the curriculum at large and small universities, it is apparent that course selection and variety of majors varies, but it is unclear whether the delivery of the topic in supply chain management is consistent across all schools. Supply chain management is taught in a variety of different departments and is often listed under different titles (often at the same university).

We believe it is also important to review textbooks that are devoted exclusively to supply chain management as well as chapters within books that cover the topic to see if there is a similar theme in the material that encompasses both management and marketing.
SUMMARY

In this paper we have presented a set of discussion points that may contribute to stimulating views on the need and means for integrating the marketing and operations management disciplines. The outcome of this integration may prove supportive to stated industrial and pedagogical concerns for insuring that business students enter the workforce with an understanding and appreciation for the importance of the supply chain management philosophy. As a direction for future research we plan to: i) audit the academic current course offerings in marketing and operations management of AACSB accredited institutions to determine the extend to which integrated coursework is available, and ii) survey the practitioner community to develop a comprehensive list of topics that they view as necessary for entry level employees to possess.

REFERENCES


ABSTRACT

Though research has established the importance of small businesses to the US economy, not much research has focused on equipping different groups of Americans with the requisite skills to start small businesses. The author explicates an instructional theory that can be used to generate interest among African American high school and college students in starting their own small enterprises. The theoretical model draws on work in the areas of entrepreneurship and self-efficacy, as well on various individual and environmental factors that impact entrepreneurial intentions.

INTRODUCTION

Much research has established the importance of entrepreneurship in driving innovation and influencing economic and sustainable development (see, for example, Carlsson et al. 2009; Hall, Daneke, & Lenox 2010). In addition, research has also looked at entrepreneurship education and has found that it positively influences students’ self-assessed entrepreneurial skills (von Graevenitz, Harhoff, & Weber 2010); it can lead to positive experiences for both students and facilitators when combined with service learning (McCrea 2010); and its impact on entrepreneurial intentions varies among ethnic minorities in multicultural settings (Thompson, Jones-Evans, and Kwong 2010). Some researchers have also addressed specific needs for improvements in entrepreneurship education, for example: building trust in learning communities created by higher education institutions for small business owners-managers (Zhang and Hamilton 2010); working in collaborative efforts across universities to promote entrepreneurship education (Finkle, et al. 2009); focusing on such issues as entrepreneurial competence (Lans, Hulsink, Baert & Mulder 2008); and introducing such things as entrepreneurial cognition and risk thinking to entrepreneurial education, in an effort to get would-be student entrepreneurs to better deal with the various stages in the entrepreneurial process (Barbosa, Kickul, and Smith 2008).

Despite the foregoing streams of research on entrepreneurship and entrepreneurship education, little attention has been placed on the entrepreneurial education of specific groups of consumers such as African Americans in the United States. As members of a minority group, African Americans are likely to suffer not only from access to financing for their businesses but also from lack of training to equip them to effectively start up and manage their own businesses. The aim of this paper, then, is to propose an instructional theory, which can be used in the promotion of entrepreneurship among African American high school and college students. This is in light of the absence of focus on this issue in the stream of research on entrepreneurship.

The Small Business Association (SBA), an organization geared towards assisting enterprising people with financial and other resources to ensure their viability as small business owners, indicates that small businesses represent 99.7 percent of all employer firms in the US and accounted for 65% of the new jobs created in the US between 1993 and 2009 (http://www.sba.gov/advo/stats/sbfaq.pdf). Further, the Census Bureau’s statistics show that, in 2007, Asian-owned firms accounted for 5.7 percent of all nonfarm businesses in the United States, 2.4 percent of total employment and 1.7 percent of total receipts; Hispanic-owned firms accounted for 8.3 percent of all nonfarm businesses in the United States, 1.6 percent of total employment and 1.1 percent of total receipts; while Black-owned firms accounted for 7.1 percent of all nonfarm businesses in the United States, 0.8 percent of total employment and 0.5 percent of total receipts (Survey of Small Business Owners, US Census Bureau, http://www.census.gov/econ/sbo/#black pre). In 2008, the rate of self-employment among African Americans was 4.7% (http://www.sba.gov/advo/stats/sbfaq.pdf).

The foregoing indicates the importance of increasing the number of African Americans who are
business owners, particularly in an effort to augment the contribution to total US employment and US receipts. Business magazines such as Black Enterprise that target a predominantly African American audience continue to underscore the importance of entrepreneurship to the African American community, given its role in promoting economic development. This motivated our development of an instructional theory of entrepreneurship, the specific goal of which is to equip African American high school and college students with knowledge about business ownership and the motivation to own their own businesses. We believe that, implemented correctly, this model of entrepreneurial development will lead to an increase in the number of African American students making the decision to become entrepreneurs. A recent example of this kind of research is that of Barbosa, Kickul, and Smith (2008), who developed a post-MBA certificate in entrepreneurship, drawing on cognition and risk literature in proposing the nature of this program.

Below, we explicate the instructional theory aimed at promoting development of entrepreneurial education initiatives for African American high school and college students. In particular, we speak more about the relationship of the theory to other theories, the desired outcomes, the conditions for effectiveness, and the methods to be used to achieve the desired ends. Given the fact that this theory is but in its embryonic stages, there will likely be concerns with the theory, some of which we point out. There are also limits on possible validation of the theory. However, we highlight information from previous research to justify some of the claims that we make in our theory, in particular claims related to methods that should be adopted to achieve the desired outcomes of the theory.

THE RELATIONSHIP OF ENTREPRENEURIAL DEVELOPMENT THEORY TO OTHER THEORIES

We drew on two theories in developing our entrepreneurial development model. One is a learning theory, Bandura's social learning theory, while the other is a theory that relates to people's perceptions of their ability to achieve their goals, self-efficacy theory. We believe that both theories are relevant to our model.

Bandura's (1977) social learning theory emphasizes the importance of observing and modeling the behaviors, attitudes, and emotional reactions of others. Bandura (1977) was of the view that learning could be extremely laborious if people relied solely on “the effects of their own actions” to inform them what to do. In fact, he contended: “Fortunately, most human behavior is learned observationally through modeling: from observing others one forms an idea of how new behaviors are performed, and on later occasions this coded information serves as a guide for action” (page 22).

Bandura enumerated four component processes underlying this notion of social learning: (a) attention: payment of attention to the modeled behavior; (b) retention: remembrance of the activities that were modeled; (c) reproduction: conversion of symbolic representations into appropriate actions; and (d) motivation: for example, incentives that a person values.

Self-efficacy theory, a central construct in Bandura's social learning theory, focuses on people's beliefs in their abilities to achieve various goals and objectives. According to Bandura, self-efficacy refers to “people's judgments of their capabilities to organize and execute courses of action required to attain designated types of performances” (page 391). This concept of self-efficacy has been applied in varied settings in an effort to understand a number of issues (in the case of entrepreneurship, refer to Boyd and Vozikis 1994; Drnovsek and Glas 2002). Much of the work on self-efficacy and entrepreneurship indicates a positive relationship between entrepreneurial self-efficacy and the decision to become an entrepreneur. So, our model, in essence focuses on enhancing entrepreneurial self-efficacy, since this will positively influence the entrepreneurial decision, that is, the decision to become an entrepreneur.

Bandura’s social learning theory and self-efficacy theory suggest, among other things, that people learn through observation and that the belief in one’s ability is likely to enhance success in one’s endeavor. It is for this reason that we draw these theories as the basis for our entrepreneurial development theory.

ENTREPRENEURIAL DEVELOPMENT: THE THEORY

In this section of our paper, we focus on the theory by discussing in more details (a) the desired outcomes prescribed by the theory; (b) the conditions under which this instructional model is supposed to be effective; and (c) the methods that comprise this model. We make some summary remarks, then expound on these.

Central to our discussion of this theory is a definition of entrepreneurial self-efficacy (ESE). We utilize the definition of entrepreneurial self-efficacy advanced by Chen, Greene, and Crick (1998): “the strength of an individual’s belief that he or she is capable of successfully performing the roles and tasks of an entrepreneur” (page 301). In addition, Boyd and Vozikis (1994) argued that ESE is an important explanatory variable that determines the strength of entrepreneurial intentions and the likelihood of these intentions leading to entrepreneurial actions.
The aim of our theory is to enhance entrepreneurial self-efficacy, which will then impact entrepreneurial actions, chief of which is the ownership of a business.

**Desired Outcomes**

The primary outcome of our instructional model is increased entrepreneurial self-efficacy. We defined entrepreneurial self-efficacy above. Hence, participants in this program should have an enhanced belief that they can be successful entrepreneurs. They should feel confident that they have the requisite skills that entrepreneurs need in order to be successful; for example, being able to develop ideas for goods and services, being able to handle financial affairs, and managing people.

We also want to improve the self-esteem of participants, since self-esteem is one of the critical individual factors that influence entrepreneurial self-efficacy. Participants should leave this program with the motivation to launch their own small businesses, which motivation could be assessed by pre- and post-program surveys. One index of success of our program will be the number of participants who eventually go on to own their own businesses. In our introductory section, we bemoaned the low level of representation of African Americans in small business ownership, based on information available from the SBA. Our program should lead to an increase in the number of African American-owned small businesses. This will be measured by longitudinal research methods, as we will have to track participants in the programs that are based on our theory.

**Conditions for Effectiveness**

A basis assumption of our model is that participants may have career interests that do not include entrepreneurship. This could result from the fact that (a) assessment tools that are used to gauge career interests ignore entrepreneurship; (b) guidance counselors in high schools do not promote entrepreneurship as a career choice; (c) students do not have positive parental/familial models engaged in entrepreneurial activities; (d) while there are some programs in high school that touch on entrepreneurship, some students are more focused on immediate gratification than on long-range planning and thoughts about becoming entrepreneurs; among other factors. Given this information, our theory is suited for an environment where students lack entrepreneurial parental role models; where high school programs and guidance counseling do not focus on entrepreneurship as a career choice; and where existing programs are not effectively “sold” to students.

This instructional theory is for all African American college students. It would also be appropriate for high school students in their penultimate and final years of high school. School districts with large percentages of African Americans would also be school districts that could be the target for implementation of programs based on this theory. A supportive community is an imperative for our program’s success. The reason is that the involvement of the community is a central part of any program, based on our theory.

**Learner Characteristics**

Our entrepreneurial development model posits that there are individual characteristics that will enhance students’ ability to benefit from this program. Among the individual factors related to entrepreneurial development are: locus of control; need for achievement; self-esteem; general self-efficacy; and entrepreneurial knowledge. We believe that those students who come into the program with high internal locus of control, as against external locus of control; high need for achievement; high self-esteem; and some degree of entrepreneurial knowledge would fare best in our program. If students are deficient in these areas, this could be uncovered by use of various assessment tools. Primary focus will be on students who lack entrepreneurial knowledge and have not been exposed to entrepreneurship as a career option. These students are likely to have lower levels of entrepreneurial self-efficacy.

**Learning Environment**

Our model also indicates that various external factors are likely to enhance entrepreneurial development. These include parental or familial role models, entrepreneurship workshop and seminars, mentoring, and apprenticeship. Therefore, we need to work in conjunction with people who are involved in entrepreneurship as a way of enhancing entrepreneurial development in African American students. Since social learning theory suggests that people are more likely to be motivated by models to whom they can relate, our theory proposes that students be exposed to successful African American models in their communities or from other communities.

**Methods**

Among the methods that we think are important to inculcate this sense of entrepreneurial self-efficacy are programs that (a) allow for exposure to models; (b)
allow for participants to repeat observed behavior; and (c) motivate participants by providing them with outcomes that they value. The methods are consistent with the four components of social learning theory, which were discussed above, as well as with Bandura’s (1986) notions of self-efficacy: one’s capability to accomplish a certain level of performance or desired outcomes. In fact, Bandura (1986) suggested that among the sources of self-efficacy beliefs are prior experience, behavior models by significant others, and persuasion or encouragement. It is against this background that we posit the following methods of instruction.

I. Modeling behavior of significant others. Focus will be on learning by “observing” the behavior of other successful African American entrepreneurs.
(a) Research projects on the lives of successful African American entrepreneurs. Students will be required to do background research on African American entrepreneurs, to get basic information on the different areas in which they have excelled. They will then select one entrepreneur, male or female, who sparks their interest. They will then conduct research on this person and provide their findings to the rest of their peers in a seminar-type setting. Small classes can conduct individual projects, while large classes would be advised to conduct group projects.
(b) Seminars and workshops by African American business owners, where participants can ask questions of seminar leaders and discussants. Seminar leaders will make presentations about their lives and about their experiences, prior to and after the entrepreneurial decision.
(c) Tours of businesses owned by successful African American business owners and other successful business owners in the communities in which participants live. These tours will expose participants to “real-life” cases of businesses that are owned by African Americans in the communities in which they live.
(d) Adopt-a-class business mentoring program. Successful African American business owners will be paired with classes in different school districts. These business owners will serve as resource persons for students in these classes. Should students have questions and matters related to business ownership, these resource persons will be an initial point of contact.

II. Experience. Focus will be on providing participants with “hands-on experience” in entrepreneurship.
(a) Entrepreneurial apprenticeship. Apprenticeship refers to a program whereby people who are deficient in certain desired skills work under the supervision of a “master” of those skills, and acquires the desired skills as an understudy. We see the possibility for what we call entrepreneurial apprenticeship. This program would pair participants with current successful business owners, who will train participant in various business decision-making processes. Every day, small business owners struggle with myriad decisions: staffing, management, financing, record-keeping, negotiating deals, and marketing. Apprenticeship will expose participants to these myriad circumstances and decisions, and the participants can benefit from observing the business owner at work in decision-making. Active participation in some decision-making will benefit apprentices.
(b) Manage-a-business for a day programs. This is similar to programs such as “Take your daughter to work day.” In these programs, participants would be given the opportunity to serve as “managers” in a business setting for a day. They would be forced to deal with the many decisions that business owners have to make each day. These decisions can be evaluated for soundness and participants rewarded for feasible decisions.
(c) Research projects on issues related to business ownership. For example, a research assignment could be done on sources of financing for business ownership. Findings could be shared with other participants.
Taken together, these activities would result in the acquisition of entrepreneurial knowledge.

III. Motivational Programs. Focus will be on motivating participants to view entrepreneurship in a positive light.
(a) Informal chat sessions involving participants in general discussions about entrepreneurship. These may be similar to the kinds of retreats postulated by Moore in his spiritual development theory. The main distinction is that these will not be as formal as his and the focus will be on unstructured discussions about business ownership. These discussions are similar to Moore’s in that they are peer-oriented.
(b) Brainstorming sessions on potential business ideas. Through these sessions, participants can see that thinking about business ideas and sharing them with others could lead to productive ventures with their peers. This is so since other group members may have similar ideas.
(c) Peer-run contests aimed at generating business ideas, evaluating those ideas, and rewarding the ideas that are most sound, with one possible reward being seed money to work on business ideas.
The importance of these activities is that they will get participants forming mental images and seeing themselves as possible business owners. Overall, these methods will ensure that participants are exposed to models to whom they can relate; they
acquire experience in business; and they will be motivated by being able to view themselves as future business owners.

**CLARITY OF THE THEORY**

We believe that our theory has been adequately formulated and articulated. At the outset, we posited a reason for wanting to promote entrepreneurial development among African American students: statistics that indicate a low representation of African Americans as business owners. We believe that our theory, if implemented as we envision, will lead to an improvement in entrepreneurial self-efficacy among African American students, which, in turn, will lead to increase in the number of African American entrepreneurs. This view is predicated on research findings that suggest that entrepreneurial self-efficacy drives the decision to become an entrepreneur.

We related our theory to Bandura's social learning theory, which contends that modeling of behavior is instrumental in imparting skills to others. We also drew on his propositions regarding self-efficacy. These two related constructs lend validity to the methods that we enunciated in our theory.

**VALIDATION OF THE THEORY**

Theory validation can come after the program has been implemented in different colleges and school districts, and longitudinal data on the outcomes are available. A primary outcome would be the number of "graduates" from our program that go on to own their own businesses. Notwithstanding this absence of validation, however, previous research in the area of entrepreneurship is instructive and gives some clues as to the possible outcome of our program. We discuss some of these below.


ENTREPRENEURIAL INTENT AMONG STUDENTS: ARE BUSINESS UNDERGRADUATES DIFFERENT?

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Joseph Jones, St. Norbert College

ABSTRACT

Entrepreneurial intent has been investigated based on representative and independent samples of all students and of business students at St. Norbert College. Intent is relatively weak among all students but significantly stronger among business students. Differences are due to motivational structures rather than situational variables.

INTRODUCTION

The literature examining motivations and personality traits of entrepreneurs has become very extensive. Despite abundant studies, results are still mixed and largely inconclusive regarding personality traits, social influences, and motivational factors as explanatory variables (Shaver and Scott, 1991; Liñán, Rodríguez-Cohard and Rueda-Cantuche, 2010). Cognitive approaches have attracted considerable interest, but the explanatory power of personality traits or demographic characteristics is still considered. Therefore, there is a need to clarify which elements play the most influential role in shaping the personal decision to start a firm.

Whereas a distinction between “push” and “pull” factors is widely accepted, the relative predominance of negative external forces or personal motivation is not entirely clear (Gilad and Levine, 1986; Amit and Mueller, 1996). Many studies verge towards “pull” factors in explaining entrepreneurship, especially the need for achievement, an internal locus of control, and desire for profit (Orhan and Scott, 2001). But “push” factors have equally found to be relevant, particularly job dissatisfaction, unemployment, career setbacks, saturation in the existing market, immigrant status, and low family income (Kumar, 2007). Other research explains entrepreneurial intention as a function of two immediate antecedents – desirability and perceived feasibility (Shaver and Scott, 1991). There is no prospect yet of converging theories in entrepreneurship research.

Within this literature, a special stream has developed that investigates the factors that predispose students to consider entrepreneurship or actually become entrepreneurs. These studies tend to differ from other research on entrepreneurship by also considering the influence of families and other reference groups and of institutional factors such as support by colleges and universities (Kennedy et al., 2003). The i of certain explanatory variables such as sex and field of studies are nearly always measured whereas other attitudes and beliefs are often ignored. Fields of study are often used as variables that are meant to explain differences in entrepreneurial inclinations (Autio et al., 2001; Liñán and Chen, 2006). One might assume that students of business administration have a higher propensity for entrepreneurship (Sexton and Bowman, 1986). Very little work, however, has been published to investigate this hypothesis, and there is also contrary evidence (Hostager and Decker 1999). Moreover, most studies in the United States have been undertaken on the campuses of state universities, with results that may not be valid for business students nationwide.

In order to close this gap in the research literature, a survey was developed at St. Norbert College, a small Catholic college in Wisconsin. Two identical questionnaires collected data from a randomly selected sample of students of all disciplines and from business students. In order to measure not only differences between these groups but also to provide a better picture of the latter group, these students were given additional questions.

ENTREPRENEURIAL INTENT

Explanatory Model

Entrepreneurial action falls clearly into the category of intentional behavior. The dominant paradigm in the study of intention is the theory of planned behavior (Ajzen and Fishbein, 1980; Ajzen, 1987; Ajzen, 1991; Krueger and Carsrud, 1993; Veciana, Aponte, and Urbano, 2005). It suggests three conceptually independent antecedents of intention. The first is the attitude toward the behavior. This refers to the degree to which a person has a favorable appraisal of the behavior in question. The second predictor of intention is the subjective norm, or the perceived social pressure to perform the behavior. The third antecedent of intention is the degree of perceived behavioral control, which refers to
the perceived ease of performing the behavior. Perceived behavioral control reflects past experience as well as anticipated impediments and obstacles. The more favorable the attitude and subjective norm with respect to the behavior, and the greater the perceived behavioral control, the stronger the intention to perform the behavior. A later version of the model starts with the subjective norm and represents the other two predictors as the perceived desirability and the perceived feasibility of what is intended, with situational variables influencing the transformation (Figure 1).

Figure 1: Generic intentions model (Ajzen 1991)

Situational factors are highly important, because intent alone is a poor predictor of actual entrepreneurship behavior (Kennedy et al., 2003). One study has found that though 30% of those who claimed intent followed up during the subsequent four-year period, only 8.7% actually entered self-employment (Katz, 1988).

The theory of planned behavior has been used in practical applications as well as in basic research (Krueger and Carsrud, 1993). Attitudes have been shown to explain about 50% of the variance in intentions, and intentions to explain about 30% of the variance in behavior. These results compare favorably with trait measures, which typically explain about 10% of behavioral variance (Ajzen, 1991). These studies suggest that the greater the degree to which the behavior can be controlled, the greater is the influence of intent on eventual behavior.

The generic intentions model was elaborated into an explanatory model on which the questionnaire was based (Figure 2):

Figure 2: Explanatory Model
In the model, background variables about personality types (which stand for the subjective norm in the theory of planned behavior) are viewed as influencing the perceived feasibility and the perceived desirability of entrepreneurship. Since subjective social norms in the theory of planned behavior have consistently been shown to have weak explanatory power (Krueger, Reilly and Carsrud, 2000), substitution by personality traits in which social norms are at least partially reflected was expected to increase significance. Perceived desirability may be understood as being composed of the attitude towards entrepreneurship as supported by the relevant personality traits. Perceived feasibility expresses self-efficacy as the degree to which personality traits and other resources are perceived to match the requirements of building up and managing an organization. Together the two attitudes constitute the entrepreneurial drive of individuals (Florin, Karri and Rossiter, 2007). Determination of the ratio between these variables will be crucial, since the relation between the desire for entrepreneurial careers and the perceived feasibility of such aspirations would indicate not only the presence or absence of a “can-do” attitude but also the level of perceived access to resources. Situational variables include general demographics and those that are specific to students, such as breadth of work experience, class rank, and field of studies.

For researching the intentions of business students, this model was augmented by a larger set of situational variables that can be manipulated through policy intervention, specifically about the perceived level of support coming from the College and the degree to which courses prepare students for entrepreneurship. The question about fields of studies in the general survey was replaced by questions about which of three business majors (business administration, accounting, or international business) students were pursuing, which of five concentrations within business administration, and in which industry or activity they would most like to start a business.

Operationalization and Measurement

With the Entrepreneurial Intention Questionnaire (EIQ) (Liñán, Rodriguez-Cohard and Rueda-Cantuche, 2010), there exists at least one validated instrument for measuring intention. However, the underlying explanatory model is different from the one chosen for this study, and the instrument was therefore not used. Rather, most items were adapted from the Entrepreneurial Attitude Orientation (EOA) scale (Robinson and Hayes, 1991; Florin, Karri and Rossiter, 2007).

Personality type was operationalized through 12 items measuring both cognitive and affective dimensions – being proactive, innovative, motivated to achieve, and materialistic. The perceived desirability of entrepreneurship was measured through three items, the perceived feasibility through six, in both cases referring to both cognitive and affective dimensions.

The dependent variable “entrepreneurial intentions” was operationalized by its cognitive, affective, and behavioral dimensions, with one item each. The literature recommends this for the measurement of attitudes in order to determine which dimension predominates. Items were built as 7-point Likert-type scales. The three items for intention use a 7-point itemized rating scale (where the item measuring the behavioral dimension only has the endpoints labeled).

Data Collection and Samples

Data were collected in two waves in the fourth week of March and the first week of April 2010 through self-administered questionnaires. Two samples were used: (1) ALL comprises students of all academic disciplines who were polled on paper; (2) BUS comprises students of business fields (accounting, business administration, and international business), who were polled by e-mail with a link to an augmented questionnaire online. Achieved sample size for ALL was 202 out of a population of 2,113 (or 9.56%), and sample size for BUS was 145 out of a population of 481 (or 30.1%). The structures of both were fairly close to the distribution of the student body in terms of class ranks, sex, and religious affiliation (particularly the number of self-designated Catholics). Students of business administration and of education were somewhat overrepresented in ALL. Sample sizes may in both cases count as sufficient and as large in comparison with other studies at universities. For purposes of comparison, data were also compiled into a composite sample ALL+BUS.

RELIABILITY AND FACTOR ANALYSIS

Confirmatory factor analysis based on principal components was used for assessing the validity of empirical measures for the samples. The Varimax method revealed 6 components, which for ALL+BUS accounted for a variance of 64.61%. Factors can readily be identified with the main components of the explanatory model. Reliability tests showed that the measures are internally consistent. Alpha for ALL+BUS was .799. Because of alpha = .904 in BUS, the three independent items may be treated as a unitary construct:

<table>
<thead>
<tr>
<th></th>
<th>ALL</th>
<th>BUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>KMO Test of Sampling Adequacy</td>
<td>.784</td>
<td>.794</td>
</tr>
<tr>
<td>Bartlett’s Test of Sphericity: chi-square =</td>
<td>1,558.16</td>
<td>1,626.41</td>
</tr>
<tr>
<td></td>
<td>p &lt;</td>
<td>.000</td>
</tr>
<tr>
<td>Variance explained by components (%)</td>
<td>62.451</td>
<td>66.737</td>
</tr>
<tr>
<td>Cronbach’s Alpha (all Likert-scale items)</td>
<td>.787</td>
<td>.810</td>
</tr>
<tr>
<td>Cronbach’s Alpha (dependent var. items)</td>
<td>.770</td>
<td>.904</td>
</tr>
</tbody>
</table>
DESCRIPTIVES AND DIFFERENCES

Results were evaluated separately by the two samples because ALL will certainly also include cases included in BUS, and double-counting must be avoided. The frequency tables of the intention measures for the two samples show significant differences in means between groups (Table 1). Chi-square values are 134.684, 26.601 and 58.101, with $df = 6$ and $p < .000$ in all cases. ANOVA confirmed these differences (Table 2):

If the three highest points on the 7-point scale are cumulatively taken to express intention, 24.8% of all students have already thought about starting their own business, 68.4% are excited by this idea, but only 37.1% see a high chance that they will actually do it. However, a safer estimate for real intention will only take the two highest scale points into account. The share of students who have thought about starting a business is then only 12.9%, with 37.2% being excited about the idea, and 14.3% wanting to act on it. Among business students, the scores for the top-three points are 46.1%, 42.8%, and 32.4%, and for the highest two points they are 22.7%, 24.9%, and 15.2%. Although business students have thought about entrepreneurship much more frequently than all students, a much smaller share is actually excited about it. Looking at the top-three scale points, business students express a lower inclination to follow up on it, and only the combined answers for the top-two scale points show business students slightly more likely to become entrepreneurs – only by 15.2% compared to 14.3% for all students. These differences are interesting and require explanation. One hypothesis is that business students are confronted with issues of entrepreneurship in their courses and have considered this option but are less excited about it, maybe because they have a more realistic picture. Knowledge may then drive out excitement and still lead to a higher behavioral intention. Business students hold more to the view that it is hard to start a business, and although they believe to have more of the required knowledge, they are less convinced that they would succeed (all differences at $p < .000$).
The pool of potential entrepreneurs at the College must be regarded as rather small. Under the more conservative measure, around 15% of the student body is likely to start a business. Men show significantly higher mean values than women on thinking about entrepreneurship (4.13 and 3.08, \( F = 26.551, p < .000 \)) and intent (4.56 and 3.32, \( F = 37.840, p < .000 \)), only on the affective dimension the higher mean for males (5.23) is no longer different at the 95% confidence level (\( F = .061, p < .061 \)) from the mean for females (4.92). Class rank, religious affiliation, and citizenship had no effect on entrepreneurial intention. Surprisingly, having family members or friends who are entrepreneurs did not increase intention.

The respective results for business students are different. Although on the three dimensions of intention men recorded higher means than women, these are not statistically significant: cognitive 4.51 and 4.19 (\( F = 2.023, p < .157 \)), affective 4.44 and 4.12 (\( F = 1.652, p < .201 \)), and conative 4.19 and 3.84 (\( F = 2.572, p < .111 \)). It seems that business education is an equalizing factor here. Women also come close to men in self-assessed knowledge about starting a company (means = 4.45 and 4.00, \( F = 2.829, p < .095 \)) whereas this difference is more robust for all students (means = 3.86 and 2.86, \( F = .20.033, p < .000 \)).

**RELATIONSHIPS AMONG COMPONENTS**

Linear regression was chosen as an instrument for revealing the relative impact of model components on intention. Results for individual items are not reported here. The results for the model components for BUS are as follows (Table 3):

<table>
<thead>
<tr>
<th>Items</th>
<th>( R )</th>
<th>( R^{2} )</th>
<th>Standardized ( \beta )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personality type</td>
<td>.641**</td>
<td>.411</td>
<td>.612**</td>
</tr>
<tr>
<td>Perceived feasibility</td>
<td>.591**</td>
<td>.349</td>
<td>.408**</td>
</tr>
<tr>
<td>Perceived desirability</td>
<td>.367*</td>
<td>.135</td>
<td>.197*</td>
</tr>
<tr>
<td>Situational variables</td>
<td>.252*</td>
<td>.063</td>
<td>.191*</td>
</tr>
<tr>
<td>Questions for BUS</td>
<td>.231*</td>
<td>.053</td>
<td>.117</td>
</tr>
</tbody>
</table>

\( ** p < .001, * p < .05, F = 144.238, p < .001 \)

Table 3: Relationships among the elements of the model

**CONCLUSION**

Among business students, it is largely personality factors (and among these mainly a proactive attitude and achievement motivation) together with the perceived feasibility that determine intention. How students perceive the difficulty and chances of success outweighs desirability as a determinant of intention although the mean values for desirability are higher than for feasibility. Because of a high standard deviation on desirability, it contributes less to explaining intention, which speaks to the realism of students. Variables reflecting personal and family situations make also only relatively weak contributions to explaining intention.

The results for St. Norbert College obviously reflect local and institutional particularities. Entrepreneurship intention is low although a more significant comparison could only be made with other Catholic undergraduate colleges. But the results may also dovetail into a declining support for entrepreneurship among the younger generation. In 2007, the desire to be self-employed was 42% in the United States, with a
downward trend. About 25% of all Americans seriously thought about starting a business, and 10% were taking steps towards that goal (Gallup Organization 2007). This is compatible with our findings about students. An even more important result, however, is that business students do in fact have a stronger inclination towards entrepreneurship, which contradicts some of the literature which sees a stronger intent for students enrolled in entrepreneurship programs but not business students in general (Hostager and Decker 1999).

The data collected allow for analysis at much greater detail, particularly with regard to motivational structure, the relative importance of “push” and “pull” factors, and differences by major areas of study. It must be suppressed in this forum.

REFERENCES


Gallup Organization (2007), *Entrepreneurship Survey of the EU (25 Member States), United States, Iceland and Norway*. (Eurobarometer no. 192)


ABSTRACT

Entrepreneurs are responsible for bringing innovative products to market, a process that at its core involves securing capital and effective marketing. An integral component in the process of resource acquisition is the entrepreneur’s story. There is mounting evidence that an entrepreneur’s ability to construct and tell their story, especially during the investment pitch to potential investors, is crucial to resource acquisition. Stories are a fundamental part of the way human beings understand themselves and the world around them. The present work synthesizes the current literature that is relevant to entrepreneurial narrative and proposes a parsimonious theoretical construct for strategic entrepreneurial storytelling (SES), which consists of context, content, and execution.

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MEASURING MARKETING STUDENTS’ READING SKILLS: TEXTBOOK VS PRACTITIONER ARTICLES

Andrew B. Artis, University of South Florida Polytechnic
David E. Fleming, Eastern Illinois University

ABSTRACT

The ability to read well improves marketing students’ chances of succeeding in a college classroom (Artis, 2008) and in the corporate boardroom (Longenecker & Fink, 2005). This generation of college students spends less time reading than their predecessors (Mokhtari, Reichard, & Gardener, 2009) and may not be sufficiently exposed to relevant business concepts primarily learned by reading. There appear to be two root causes. First, the National Assessment of Adult Literacy (2005) reported that 50 percent of college students at four-year schools and 75 percent at two-year schools lack the skills to read complex text. Second, many college students with adequate reading skills fail to see the benefits of reading for professional growth and have chosen to be “aliterate” (Weeks, 2001). To reverse the situation, marketing instructors need to incorporate student-reading strategies that encourage students to value the contemplative learning that comes from reading diverse materials and to develop the necessary reading skills to succeed as marketing professionals. Findings from a survey of 361 college students enrolled in marketing courses suggest students are served best when an instructor uses practitioner articles with a textbook. Textbooks tend to promote “interactional reading” (Rumelhart, 1985) which is ideal for learning new terms and concepts. Practitioner articles are ideal for “transactional reading” (Rosenblatt, 1994) that requires students to use a contextual framework within a content area (e.g., marketing) to evaluate the importance and application of knowledge extracted from reading these materials.

REFERENCES


National Assessment of Adult Literacy (2005), ”A First Look at the Literacy of America's Adults in the 21st Century,” Institute of Educational Sciences, Report NCES 2006-470 (December).


Weeks, L. (2001), “Aliteracy: Read all about it, or maybe not. Millions of Americans who can read choose not to: Can we do without the written word?" The Washington Post, May 14th, C1.
IN-CLASS VERSUS TAKE-HOME QUIZZES AND EXAMS, AND THE WINNER IS...

Philip M. Hurdle, Elmira College

ABSTRACT

An exploratory study comparing in-class and take-home quizzes and exams. Empirical data and a survey of student perceptions show that students scored higher grades on take-homes and believe that time spent preparing take-homes was better spent, and that material covered by take-homes will be more valuable in the future.

INTRODUCTION

Returning quizzes and discussing the results usually starts with, “The average grade on Quiz 2 was a 73.5 with a standard deviation of 6.1. That’s pretty good. I think it was a good assessment of what’s been learned.” Reviewing the answers and soliciting feedback about the quiz or exam in general can often lead to an abrupt change in the instructor’s mood. Student comments such as, “I didn’t have enough time,” “The questions were not fair,” and “You didn’t tell us that would be on the exam” are common and relatively easy to address. Others are more complicated: “Why don’t you give us take-home exams like professor Smith?” And there’s usually the remark, “If you gave us a take-home exam, it would be a learning experience, and isn’t that why we’re all here?”

So maybe take-home quizzes and exams are a good idea, perhaps better than in-class testing. With take-homes students can work at their own pace and be afforded an opportunity to perform at their greatest potential (Grzelkowski, 1987).

The purpose of this study is to compare in-class and take-home quizzes and exams using empirical data in an effort to determine which method better helps achieve course learning outcomes. Quiz and exam grades plus students’ behavior and perceptions toward the two types of assessment and academic integrity were used to measure the effectiveness of and differences between in-class and take-home quizzes and exams.

METHODOLOGY

During a single 12-week term both in-class and take home exams were given to a total of 45 students (30 males and 15 females) in three marketing courses: Principles of Marketing, Consumer Behavior, and Service Marketing. Principles of Marketing is typically taken by sophomores, and the two other courses are usually taken by juniors and seniors. In-class quizzes and exams were given during the first half of the term and comprised multiple choice questions, fill-ins, and short essay questions. Students were allowed to prepare and use study sheets during in-class quizzes and exams. A single page of 8½ X 11 inches was allowed for quizzes, and two sheets of the same size were allowed for in-class midterm exams. Short essays (or crib sheets) were allowed because their preparation has been shown to be a learning experience (Hamilton, 2005), and students perceived a sense of empowerment and control using crib sheets during tests and believed that crib sheets reduced test anxiety (Drake, 1998). In addition, Erbe showed that “the cheat sheet is a security blanket and provides basic information: it enhances learning, improves test performance, and reduces test anxiety” (Erbe, 2007 pg. 97). All study sheets had to be handwritten by individual students; no copies of other students’ study sheets were permitted. Take-home quizzes and exams were given to the same students during the second half of the term and were made up of seven to ten short essay questions. Short essays on both types of quizzes and exams asked students to demonstrate their understanding and application of the course topics, thereby asking them to use higher levels of cognition skills (Bloom, Engelhardt, Furst, Hill, and Krathwohl, 1956). All quizzes and exams were scored on a scale of 100. Quizzes and exams comprised between 65% and 75% of the final course grades in each of the three courses.

A survey was administered to students at the end of the term after they turned in their take-home final exams. Forty-one usable surveys were obtained from the 45 students enrolled in the courses. The survey form stated, “This term’s students were in the unique position of having both in-class and take-home quizzes and exams. Obviously, the scores on the take-homes were higher than the in-class quizzes and exams, but did the type of exam have an effect on your learning?” Surveys were anonymous.

The first survey question attempted to understand the effort put forth by students as they studied for and
took the two types of quizzes and exams. The question read, “Approximately how many hours on average did you prepare for a single in-class quiz or exam, including creating your crib sheet, and how many hours did you spend on average answering questions on a single take-home quiz or exam? (EXAMPLE: 3.0; 4.5).”

The second question of the survey asked, “What percent of your preparation time from question 1 on average was spent learning, understanding, and thinking about the material?” Students were asked to place a letter (“I” for in-class and “T” for take-home quizzes and exams) along a line stretching across the page marked with equally spaced hash marks indicating 0% to 100%.

The third question queried, “What percent of the material covered by both types of quizzes and exams do you think you’ll remember and find useful in future courses or in a career?” Students were asked to place a letter (“I” for in-class and “T” for take-home quizzes and exams) along a line stretching across the page marked with equally spaced hash marks indicating 0% to 100%.

While at least one study suggests that open-book (take-home quizzes and exams being a prime example) tests are a means of reducing cheating on exams (Johnson, 2005), the fourth question attempted to determine if cheating took place during the take-home quizzes and exams under study. All take-home quizzes and exams stated, “You may use any reference material other than a classmate. Cite all references, including relatives, Web addresses, etc.” Rather than ask students directly if they had consulted other students’ quizzes and exams, survey question 4 took the indirect route to determine the level of academic honesty by asking, “Take-home exams and quizzes – Although it was not allowed, did you see or hear about any of your classmates seeking or getting help from other students in the course?” Students were asked to place an X anywhere along a line that stretched across the survey and marked with four equally spaced hash marks labeled: Never (1), Maybe once or twice (2), Fairly regularly (3), and All the time (4). A detailed scale was overlaid on each survey during data analysis to quantify where the X was placed along the line (e.g., an X placed on the scale midway between Never and Maybe once or twice was entered into the data set as a 1.5).

The fifth question on the survey asked students to estimate the final letter grade they thought they would earn in the course. Numerical equivalents were entered into the data set (e.g., A = 4.0; B = 3.0; C = 2.0). The sixth question asked students to state their overall grade point average using the traditional scale of zero to 4.0.

RESULTS

A total of 259 quizzes and exams grades were recorded over the 12-week term. Because only the three highest quiz grades were counted toward the final course grade, not all students took all four quizzes. Three students did not take mid-term exams.

One hundred thirty-seven grades were recorded for quizzes and exams taken in-class. Of these, 89 were taken by male students and 48 by female students. A total of 122 take-home quiz and exam grades were recorded, 86 by men and 36 by women. The average grade (of a possible 100) for all quizzes and exams taken in class was 73.8. Using a t-test at a 95% confidence no statistical difference was found between male and female students’ average on in-class quiz and exam grades (73.4 and 74.6, respectively). The average grade (of a possible 100) for all take-home quizzes and exams was 87.0 and was statistically different (using a t-test at a 95% confidence) from the overall average for in-class quizzes and exams. Male students’ average grade on take-home exams and quizzes was 88.6, significantly higher than female students’ average grade of 83.0 on take-home quizzes and exams (see Table 1).

Table 1. In-Class and Take-Home Average Grades (out of 100) and Number of Grades (n) for Gender.

<table>
<thead>
<tr>
<th></th>
<th>All Students</th>
<th>Male</th>
<th>Female</th>
<th>All Students</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Class</td>
<td>(n = 137)</td>
<td>(n = 89)</td>
<td>(n = 48)</td>
<td>(n = 122)</td>
<td>(n = 86)</td>
<td>(n = 36)</td>
</tr>
<tr>
<td>Average Grade</td>
<td>73.8</td>
<td>73.4</td>
<td>74.6</td>
<td>87.0</td>
<td>88.6</td>
<td>83.0</td>
</tr>
</tbody>
</table>

Parsing quiz and exam grades across the three courses shows similar average grades and differences between in-class and take-home tests for Principles of Marketing and Service Marketing. The average grades for Consumer Behavior were significantly higher than the other two courses (see Table 2).
Table 2. In-Class and Take-Home Average Grades (out of 100) and Number of Grades (n) for Courses.

<table>
<thead>
<tr>
<th>Course</th>
<th>Males</th>
<th>Females</th>
<th>All Quizzes and Exams</th>
<th>In-Class Quizzes and Exams</th>
<th>Take-Home Quizzes and Exams</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principles of Marketing</td>
<td>9</td>
<td>9</td>
<td>78.0</td>
<td>12.5</td>
<td>74.8</td>
</tr>
<tr>
<td>Service Marketing</td>
<td>14</td>
<td>5</td>
<td>78.4</td>
<td>14.2</td>
<td>70.4</td>
</tr>
<tr>
<td>Consumer Behavior</td>
<td>7</td>
<td>1</td>
<td>88.3</td>
<td>10.5</td>
<td>81.4</td>
</tr>
</tbody>
</table>

Responses to the six survey questions provided a number of insights into student behaviors and attitudes (see Table 3). Students spent 2.8 hours on average preparing for in-class quizzes and exams; presumably a portion of that time was spent preparing study notes they were allowed to bring to the in-class quizzes and exams. The average number of hours spent on the take-home quizzes was slightly higher, at 3.0 hours. Using a t-test at a 95% confidence no statistical difference was found between the two averages.

Survey respondents believed that 51.3 percent of the time spent on in-class quizzes and exams was spent learning, understanding, and thinking about the material, while they believed that when working on take-home quizzes and exams, 75.4 percent of their time was spent learning, understanding, and thinking about the material. The results between the in-class and take-home averages were found to be statistically different using a t-test at a 95% confidence.

Was course material believed to be better remembered and more useful in the future when comparing the two types of tests? Students believed that 48.2 percent of the material on in-class quizzes and exams would be better remembered and more useful in the future. Students believed that 75.4 percent of the material on take-home quizzes and exams would be remembered and useful. The difference was found to be statistically different using a t-test at a 95% confidence.

When asked about seeing or hearing classmates seeking help from other students (a violation of academic integrity), students on average marked on their surveys midway between “Never” and “Maybe once or twice.”

Students’ estimated their final grade in the course they were taking to be on average a 3.31 out of 4.0, or slightly over a B+. In actuality the average final course grade across all students for the term was a 3.06 out of 4.0. The self-reported approximate overall average grade point average for all students was a 3.05 out of 4.0, or just over a B.

Table 3. Behavior and Attitudes between In-Class and Take-Home Quizzes and Exams (n = 41)

<table>
<thead>
<tr>
<th>Survey Question</th>
<th>In-Class Quizzes and Exams</th>
<th>Take-Home Quizzes and Exams</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Avg.</td>
<td>Std. Dev.</td>
</tr>
<tr>
<td>1. Number of hours spent preparing for quizzes and exams</td>
<td>2.8</td>
<td>1.11</td>
</tr>
<tr>
<td>2. Percent of preparation time spent learning, understanding, and thinking about the material</td>
<td>51.3</td>
<td>23.07</td>
</tr>
<tr>
<td>3. Percent of the material remembered and useful in future courses or in a career</td>
<td>48.2</td>
<td>23.36</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Avg.</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. See or hear classmates seeking or getting help from other students in class during take-homes (0 = Never; 4 = All the time).</td>
<td>1.47</td>
<td>.58</td>
</tr>
<tr>
<td>5. Estimated final grade in course (A = 4; B = 3, etc.)</td>
<td>3.31</td>
<td>.59</td>
</tr>
<tr>
<td>6. Approximate overall grade point average (A = 4; B = 3, etc.)</td>
<td>3.05</td>
<td>.43</td>
</tr>
</tbody>
</table>
Correlation analysis was conducted on the survey data. Many of the significant relationships found during the analysis came as no surprise, especially given the higher numerical scores recorded for take-home exams and quizzes (see Table 4).

As expected, as the number of hours reported preparing for in-class quizzes and exams increased, the percent of the time believed to be spent learning, understanding, and thinking about the material significantly increased. Likewise, as the number of hours reported preparing for in-class quizzes and exams increased, the percent of the material on the in-class quizzes and exams believed would be remembered and useful in future courses or in a career significantly increased. As the percent of the material on the in-class quizzes and exams believed would be remembered and useful in future courses or in a career increased, the percent of the time believed to be spent learning, understanding, and thinking about the material significantly increased. Regarding take-home quizzes, only one significant relationship was found: as the percent of the material on the take-home quizzes and exams believed to be remembered and useful in future courses or in a career increased, the percent of the time believed to be spent on learning, understanding, and thinking about the material significantly increased. Interestingly, no significant relationships were found among the number of hours reported spent on take-home quizzes and exams and either believing that as a result of the effort they would remember the material and find it useful in the future or the percent of the time spent learning, understanding, and thinking about the material. No significant relationships were found between the level of academic honesty and any other survey questions. As students reported higher estimated final grades in the course they were taking, their reported overall grade point average increased significantly.

Table 4. Pearson’s Product Moment Correlation for Survey Responses

<table>
<thead>
<tr>
<th>Variable</th>
<th>1A</th>
<th>1B</th>
<th>2A</th>
<th>2B</th>
<th>3A</th>
<th>3B</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A Hours In-Class</td>
<td></td>
<td></td>
<td>.065</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1B Hours Take-Home</td>
<td></td>
<td></td>
<td>.065</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2A % Learning In-Class</td>
<td>.538***</td>
<td>-.140</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2B % Learning Take-Home</td>
<td>.104</td>
<td>.250</td>
<td>.029</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3A % Remembered In-Class</td>
<td>.502**</td>
<td>.115</td>
<td>.733***</td>
<td>.174</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3B % Remembered Take-Home</td>
<td>.062</td>
<td>.097</td>
<td>.126</td>
<td>.650***</td>
<td>.227</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Dishonesty</td>
<td>.146</td>
<td>.014</td>
<td>-.130</td>
<td>.006</td>
<td>.047</td>
<td>-.028</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Course Grade</td>
<td>.225</td>
<td>-.216</td>
<td>.262</td>
<td>.051</td>
<td>.145</td>
<td>.130</td>
<td>-.123</td>
<td></td>
</tr>
<tr>
<td>6 Overall GPA</td>
<td>.117</td>
<td>-.253</td>
<td>.090</td>
<td>-.138</td>
<td>-.345</td>
<td>-.166</td>
<td>.004</td>
<td>.322*</td>
</tr>
</tbody>
</table>

*p < .05; **p < .01; ***p < .001 (two-tailed test). Notes: n = 41;

DISCUSSION AND CONCLUSIONS

Grades on take-home exams were significantly higher than on in-class quizzes and exams indicating a higher level of academic performance. No difference was found between genders on the in-class exams and quizzes, while males scored significantly higher on the take-home quizzes and exams than females, primarily due to the fact that the data was skewed from there being a single female enrolled in Consumer Behavior, the course with the highest average for take-home quizzes and exams.

The difference between average grades on in-class and take-home quizzes and exams presumably would have been higher if the in-class quizzes and exams were truly closed-book. However, students were allowed to bring crib sheets into in-class quizzes and exams. The number of hours students reported to have spent on the two types of quizzes and exams was statistically the same using a t-test at a 95% confidence (2.8
hours versus 3.0 hours) perhaps because the effort preparing crib sheets was approximately the same as preparing answers to the take-home quizzes and exams.

Students’ beliefs about how the preparation time was spent and the value of the course material is key in offering an opinion about which type of testing is preferable. Overwhelmingly, students believed that the percent of preparation time spent learning, understanding, and thinking about the material and the percent of the material they would remember and find useful in future courses and in a career was higher for take-home quizzes and exams. This finding is supported by studies suggesting that open-book tests encourage reading and increase students’ ability to use a reference text effectively and efficiently (Phillips, 2006) and that students taking open-book (text plus other written material) as opposed to closed-book exams interrelated material from a variety of sources and while taking an exam worked creatively and probed more deeply into the knowledge acquired (Theophilides and Koutselini, 2000). There was no evidence that students liked the take-home quizzes and exams more than the in-classes because they scored higher grades on the take-homes. No statistically meaningful relationships were found between grades and student behaviors or perceptions between the two test methods.

The results of the survey question asking students to state how many times they saw or heard about classmates seeking help on the take-home quizzes and exams from other classmates, thereby committing a breech of academic integrity, are not clear. At face value, each student reported seeing or hearing approximately one classmate (the average response was midway between “Never” and “Maybe once or twice”) engaging in academic dishonesty. It is possible, however, that one student actually looked at a classmate’s take-home quiz or exams and ten students heard about it and marked their surveys accordingly. While the data is not conclusive, it appears that the possibility that students might act dishonestly on take-home quizzes and exams is not significant and does not outweigh their benefits.

If an instructor were to choose between in-class quizzes and exams with crib sheets allowed and take-home quizzes and exams, the take-home tests are probably a better choice, especially in courses with low enrollments, which would allow adequate instructor time to correct short essays. Students in this study scored higher grades on take-home quizzes and exams than on in-class quizzes and exams and, therefore, exhibited a greater mastery of the material when taking take-homes. While students spent approximately the same amount of time preparing for both types of tests, the time spent on take-homes was believed to be more focused on learning, understanding, and thinking about the material. A higher percent of the material studied during the take-home quizzes and exams was believed to be remembered longer and to be more useful in future courses or in a career.

This study is limited in that it used only marketing students at a four-year private liberal arts college, and the behaviors and perceptions of in-class quizzes and exams might have been different had the in-class testing not allowed for the use of study sheets. Additionally, the results may or may not be generalizable to all subject areas. Further research is warranted to explore the variables directly affecting average grades scored on in-class and take-home exams, such as those obtained from survey data. By foregoing questions on the topic of academic honesty, students would be willing to identify themselves as they reported their behaviors and perceptions about the types of testing.

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EGO DEPLETION AND SELF-FOCUSED CONSUMERS: PROPOSING THE EFFECTS OF A DEPLETED SELF ON GIFTING BEHAVIOR

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ABSTRACT

The self’s ability to make sacrifices and guide behaviors in a goal-congruent manner necessitates the exertion of a specific, limited psychological resource. As consumer gift-searching processes provide a relevant example for potentially sacrificial behavior, we examine the extent to which the depletion of this finite resource may influence such behaviors herein.

INTRODUCTION

In shopping situations, consumers may be forced to ration the amount of time, effort, and psychological energy spent when searching for a product for oneself and searching for a product intended for a significant other. This would especially hold true during the holidays and among other select gift-buying occasions. In such instances, the consumer may experience a self-control dilemma that results from two conflicting goals: devoting a reasonable amount of time, effort and psychological energy towards finding a desirable gift for a significant other, and utilizing the residual resources on shopping for oneself (or vice-versa). For the consumer to persist in the gift-buying process, or to overcome the desire to change the focal recipient of the search behavior, some form of psychological effort would need to be exerted (Muraven, Tice and Baumeister 1998). According to the self-regulatory resource depletion phenomenon (Muraven et al. 1998; Muraven and Baumeister 2000) this specific form of psychological energy employed during acts of self-control is referred to as the self-regulatory resource (Baumeister, Bratslavsky, Muraven and Tice 1998; Muraven and Slessareva 2003). Similar to the performance of a muscle following a profoundly demanding workout, continuously drawing upon this limited entity can cause performance impairments on subsequent self-control tasks, thereby leading to a state of ego depletion (Baumeister, Muraven and Tice 2000).

Recent research has demonstrated that a variety of consumer choice making activities can weaken one’s ability to self-regulate on future tasks of self-control (Vohs et al. 2008). Several specific consequences of ego depletion include a stronger focus on affective product features (Bruyneel, Dewitte, Vohs and Warlop 2006), an inability to control spending (Vohs and Faber 2007), greater reliance on simple, intuitive mental processing (Pochepstova, Amir, Dhar and Baumeister 2009), and a heightened receptiveness to rewards (Muraven and Slessareva 2003). Of greatest interest to the current investigation is that depleted individuals exhibit a decreased willingness to help others (DeWall, Baumeister, Gailliot and Maner 2008) and further, when forewarned of an upcoming self-control task, these people become highly motivated to hoard their existing supply of self-resources for future uses (Muraven, Schmeuli and Burkley 2006). Taken together, such findings enable one to infer that people become more self-oriented following a taxation of their self-resource energy.

As previously mentioned, sacrificial behaviors tend to arise in consumer gifting, as the shopper’s decision to exert and/or conserve self-regulatory energy can potentially impact two distinct parties: the consumer and the individual that a gift will be purchased for. However, while well researched in the areas of social and personality psychology, the impact that ego depletion has on consumer behavior, specifically gifting behaviors, has not been explored. What remains to be answered, then, is whether depleted individuals will conserve their limited supply of self-regulatory strength when the beneficiary of conservation efforts varies between self and significant other(s). Additionally, might the conservation of these highly valuable resources be moderated by situational relevance (e.g. purchasing a gift for a holiday, birthday or graduation)?

We contend that the consumer gifting sphere serves as a highly relevant domain for such queries to be answered. Moreover, recent research (Hagger, Wood, Stiff & Chatzisarantis 2010) has strongly recommended a further clarification to the resource conservation hypothesis. Therefore, the current paper presents several suggestions concerning the plausible
interaction between self-regulatory resource capacity and its impact on consumer gift-buying behavior. Consistent with prior research (Baumeister 2002; Vohs 2006), the propositions developed herein contribute to the extant literature through conceptual arguments, bolstered by the implications derived from earlier as well as more recent studies on the effects of a depleted self.

**EGO DEPLETION & CONSUMER BEHAVIOR**

Self-control has been defined as the self’s ability to override an impulse, urge or desire that may threaten a person’s long-term interests (Mead et al. 2009). Further, people exert self-control in order to resist any thoughts, emotions, or actions that would undermine their goal-directed behaviors (Muraven and Baumeister 2000). Early research by Muraven et al. (1998) suggested that one’s capacity to refrain from temptation-oriented behaviors is dependent upon a certain resource which the self consumes during acts of volition. Due to the limited capacity of this resource, an individual’s performance on subsequent tasks of self-control will be negatively impaired, provided that an initial expenditure of self-regulatory strength had occurred. For instance, restraining oneself from consuming a cookie, as compared to not eating a radish, increases the likelihood of giving up sooner on a following self-regulatory task (Baumeister et al. 1998). Exercising self-regulatory strength is facilitated through active choice making (Bruyneel et al. 2006; Vohs et al. 2008), emotion regulation (Baumeister et al. 1998; Schmeichel et al. 2006), thought suppression (Muraven et al. 1998), resisting persuasion attempts (Janssen, Fennis, Pruyn and Vohs 2008) and controlling one’s own attention (Schmeichel 2007).

Muraven et al. (2006) suggested and found that as an individual’s self-resource inventory runs scarce, his or her motivation to conserve the remaining stock of self-resources will intensify as long as the person anticipates future self-regulatory behaviors. In their study, subjects who had exerted self-regulatory strength in an initial task and had anticipated a future resource demanding activity performed worse on an intervening task of self-control than depleted subjects who had not been expecting a future resource demanding activity. According to the authors, people will conserve their remaining supply of self-resources, thereby sacrificing their performance on an intervening task of self-control, in order to enhance their chances of success on a final, anticipated task of self-regulation. Based on Wheeler, Briñol and Hermann’s (2007) findings, which suggested that forming counterarguments to a persuasive request leads to a state of resource depletion, a study conducted by Janssen, Fennis and Pruyn (2010) examined the impact that forewarning subjects of an upcoming persuasive message could yield on self-resource conservation efforts. They found that subjects who had controlled their own speech in an initial task and who were made aware of the upcoming persuasive message exhibited a greater tendency to conserve their remaining self-resources during the intervening self-control task than participants who had not been depleted and were not forewarned.

It is of interest to note, however, that the beneficiary of self-resource conservation efforts in the aforementioned experiments were the actors themselves. Had participants been informed that their conservation efforts would promote the well-being of an outside party, the findings reported may have been different. In fact, Muraven et al. (2006, p.536) assert that “the more strength is depleted, the less people want to expend what strength remains.” Along the same lines, DeWall et al. (2008) report that depleted subjects are less willing to help a stranger in need than are subjects whose self-resource capacity has remained intact. According to Janssen et al. (2010, p.9), “conserving our resources and putting them into action when it most benefits us, is an activity that is in line with our goal-directed human nature” (italics added). Taken together, one may infer that when self-resources run low, people show less concern for others and attempt to keep their own self-interests as the focal point of attention, thereby succumbing to self-oriented, impulsive behaviors (DeWall et al. 2008).

These examples demonstrate an opportunity to increase our understanding of how and why consumers fail to act in accordance with their long-term interests, by merging the existing literature on self-resource depletion with consumer behavior research. To date, there exists no empirical evidence on how resource depletion could influence one’s gift-buying behavior (whether the recipient of the purchase is the consumer, that is self-gifting behavior, or a significant other). Therefore, the remainder of the article will integrate the extant literature on consumer gift-buying behavior and resource depletion, providing direction for future research concerning the nature of their interaction.

**GIFT-BUYING & THE REGULATION OF SELF-RESOURCE EXERTION/CONSERVATION EFFORTS AMONGST SELF AND OTHERS**

Gifting rituals, although varied, exist in all cultures. In the United States, we gift on holidays, both religious and secular, birthdays, anniversaries and other special occasions. The economic impact cannot be overlooked. In 2009, consumers spent $41.2 billion during the Black Friday weekend, according to the National Retail Federation (Grannis, K. 2009). The reasons underlying gifting behavior do vary. Obligation, self-interest and altruism have each been cited as
the few most powerful motives behind holiday gift-buying behavior (Rugimbana, Donahay, Neal and Ponsky 2002). However, sometimes the impact of gifting is negative. Respondents in a study by Sherry (1993, p.229) perceived gifting as an incessant “obligation,” whose associated protocols have become “too taxing” on both money and time.

According to the licensing effect (Khan and Dhar 2006), the formation of intentions to act in a righteous manner in an initial situation boosts an individual’s self-concept and therefore increases the likelihood of that individual engaging in an indulgent behavior subsequently. Specifically, individuals who had made a donation to a charitable organization in their first task showed a greater propensity to select a hedonic product (vs. a necessity) in a following task than subjects who had not provided an initial contribution. More importantly, subjects could not attribute their hedonic selections to the preceding generous behavior, illustrating that this effect can occur subconsciously. At the conscious level, however, people who engage in self-gifting or indulgent behavior maintain that their hedonic choices are more easily justified by their recent attempts to achieve a preceding goal, thus serving as a reward for their efforts (Mick, DeMoss and Faber 1992; Mukhopadhyay and Johar 2009). Self-indulgent behaviors such as those reported may depict the effects of ego depletion in that self-regulatory strength was exerted in a choice making activity, leaving fewer self-resources available for the ensuing purchase situation. DeWall and colleagues (2008) have asserted that the same resource utilized for overcoming impulsive behaviors and effective self-regulation is also employed for acts of helpfulness, as the helper must refrain from self-promoting tendencies for the sake of providing aid to others. Depleted subjects, as compared to their non-depleted counterparts, subsequently reported that they would be less likely to help a stranger in need. In their second experiment depleted participants were less likely to provide aid to a stranger than a family member, yet no differences existed between resource depletion condition and willingness to help a family member. Based on the preceding discussion, once an act of helpfulness has been provided one’s capacity for effective self-regulation thereafter will be considerably impaired. The remaining regulatory strength, however, can still be applied to the benefit of the actor or donated for the sake of helping others. What has yet to be examined, however, is the discrepancy which may exist between depleted individuals’ resource exertion efforts when the beneficiary of self-regulatory performance on a subsequent task of self-control varies.

Proposition 1: Depleted consumers will exert more self-regulatory strength on a subsequent task of self-control when the sole beneficiary of self-regulatory performance is the actor (consumer), rather than a significant other. Accordingly, when the beneficiary of self-control efforts is a significant other, as compared to the consumer him/herself, depleted consumers will exert fewer self-regulatory resources in a self-regulatory activity.

Additionally, situational factors may impact depleted consumers’ willingness to sacrifice their time, effort, and self-regulatory resources for the benefit of a significant other. As previously noted people may conserve a portion of their existing self-regulatory strength at the present with the intent of using these reserves for future resource demanding situations (Muraven et al. 2006). In the context of buying behavior, consumers may also conserve some of their self-resources when they anticipate exposure to marketing stimuli, which by all accounts seek to influence consumers’ purchase decisions. According to Wheeler et al. (2007), resisting persuasive messages requires the formation of counterrguments, and when self-resources have been temporarily exhausted, people are less effective at producing such defense mechanisms. Furthermore, depleted individuals exhibit a stronger tendency to hold positive attitudes towards ill-reasoned proposals than non-depleted people. Janssen et al. (2010) offer that consumers have become well aware of the attempts by hungry salespersons, late night infomercials and telemarketers to persuade their potential customers into making an unintended purchase and, in anticipation of this, consumers may use their stored knowledge as a form of forewarning. In line with the resource conservation theory (Muraven et al. 2006) discussed above, this forewarning would provide the consumer with an opportunity to conserve a portion of his/her self-resources. However, it remains to be answered whether or not depleted consumers will conserve more of their remaining supply of self-resources for the benefit of a family member when the gift-buying situation pertains to a special gifting occasion (e.g. holidays and birthdays) than when the gift-buying situation is perceived to be less relevant.

Consumers may expect to encounter persuasive elements during shopping trips, regardless of whether they are shopping for self or another. However the attention given to them and the impact that they have may differ in these varying buying situations. Consumers may be less influenced when shopping for a significant other. In fact, consumers may assume the goals of the gift recipient and temporarily set aside intentions to reach their own goals. Although salespersons and products may elicit temptations when consumers shop for themselves, these forms of influence agents may result in fewer defense mechanisms by the shopper. Further they may be perceived as less threatening to the consumer’s own goals when the recipient of the over-
arched purchase is a significant other. In turn, the shopper may be more susceptible to an influence attempt, thereby increasing the likelihood that he or she will succumb to a temptation during or after the initial search process has been implemented. It is of interest to note that well over half of the shoppers in a study by Ward & Tran (2007) indicated that they would be inclined to make a purchase for themselves when buying a gift for others. Moreover, nearly half of all respondents reported that their decision to make a self-purchase during a gift-buying excursion had not been premeditated, allowing one to infer that the manifestation of some self-gifting behavior occurs spontaneously, or with the assistance of the shopping mind-set, and may be accentuated by lower levels of self-regulatory strength.

We maintain that when consumers engage in the gift-buying process, they are essentially regulating their behaviors in order to select the most desirable product for the gift recipient. As a result consumers’ self-regulatory reserves are likely to be diminished, thus impairing their ability to defend against temptations in the purchasing environment.

Proposition 2: Depleted consumers who anticipate a future self-gifting (versus gifting for a significant other) situation will conserve more (versus less) of their remaining self-resources on an intervening task of self-control. However, when the situational relevance of the gifting behavior is made salient (versus unimportant), depleted consumers will conserve a larger (versus smaller) portion of their remaining self-regulatory strength, during the intervening task, for the benefit of a significant other.

**METHODOLOGY**

Upon entering the experimental setting, participants were asked to sign a brief consent form. The researcher then informed participants that the purpose of the experiment was to examine how college students’ cognitive skills match their preferences for certain products that may be perceived as gifts for self or gifts for others. Participants’ initial capacity of self-regulatory resources was depleted through a thought suppression exercise adopted from Muraven, Tice and Baumeister (1998, study 2). One half of the subjects were instructed to write down all of their thoughts on a sheet of paper and told to avoid thinking about a white bear (depletion condition); the remaining participants were told to write whatever thoughts came to mind. Participants in the depletion condition were instructed that should the thought of a white bear come to mind, they should place a check mark in the margin of their paper and redirect their thoughts. Indeed, overriding forbidden thoughts has been verified as a successful manipulation of self-resource depletion (Vohs and Schmeichel 2003). In line with previous studies (Muraven et al. 1998), subjects worked on this task for 6 minutes.

At the end of 6 minutes, the researcher informed participants of the next task- solving anagrams. This activity requires one to continuously implement new letter configurations in order to form English words with a set of letters (Baumeister et al 1998), and has been shown to consume self-regulatory strength. Following results from a pre-test (n=14), a total of 16 letter sets were included in the actual experiment. One group of participants (self-benefit condition) was asked to read the following statement: “Imagine that your performance on this task will enable you to select a gift for yourself after the experiment. However, the better you perform on this task, the greater variety of products/brands you will have to choose from subsequently.” A second group of participants (other-benefit condition) was given the following statement: “Imagine that your performance on this task will enable you to select a gift for a special family member of yours after the experiment. However, the better you perform on this task, the greater variety of products/brands you will have to choose from subsequently.”

The purpose of phase two was to examine the differences in self-resource exertion efforts between participants in the self-benefit condition and participants in the other-benefit condition, as measured by the number of correctly generated words participants came up with using the given sets of letters. Overall, performance on the second task should indicate the extent to which differences exist between depleted participants’ willingness to exert their remaining self-regulatory strength to obtain a gift for themselves or obtain a gift for a special family member. At the 6 minute point, the researcher reentered the room and administered a domain specific self-control questionnaire, adapted from Giner-Sorolla (2001).

Lastly, and consistent with prior research (Baumeister et al. 1998; Muraven et al. 1998; Muraven and Slessareva 2003), participants were asked to complete a series of questions which served as a manipulation check. These questions assessed how difficult subjects felt the first task was (“How much effort did you have to exert when doing the first task?”), how motivated they were to solve the anagrams in task two (“How motivated were you to do well on the second task?”), and how much subjects enjoyed the two tasks. All responses were measured on a 9-point Likert-type scale. After completing the questionnaire, subjects were thanked and debriefed.
CONCLUSION

More recent conceptual research in the consumer behavior literature has integrated the effects of self-regulatory resource depletion into the realm of buyer behavior (Baumeister 2002). Though a number of studies have made contributions to what is currently known about ego depletion and its impact on consumer behavior, none thus far have sought to explore the plausible effects of self-control failure in the context of consumer gifting behavior.

The number of products and services available in today’s marketplace can severely influence the amount of effort one wishes to expend on the searching process. Mick and colleagues (2004) offer that exposure to such an extensive variety of choices may facilitate a stronger focus on the self and less concern for others. Accordingly, this may be more pronounced following the depletion of one’s self-regulatory energy. Additionally, past research indicates that resource depleted individuals are more likely to select a passive role when the decision to refrain from a resource demanding situation requires an active response (Baumeister et al. 1998). Thus, if resource depletion increases the likelihood of engaging in self-promoting tendencies, consumers who are currently shopping for themselves may be more inclined to select their significant other’s gift from the store in which they are currently patronizing, so as to not deviate from their own self-focused shopping routine. Accordingly, a consumer who has just engaged in a decision making task, and who therefore has exhausted a portion of his/her self-regulatory strength, may defer the option of visiting other stores and choose to purchase a gift from the store he or she is currently patronizing.

Finally, and with regard to the impact that such resource exertion/conservation efforts may yield on the shopper, we suggest that shoppers’ long-term goals may be diverted by temporary allurements within the purchasing environment (in-store, online, etc.), as their limited supply of self-resources has been exerted for the benefit of a significant other. As a result, consumers who choose to regulate their own limited supply of self-resources in the best interest of their significant other will be more susceptible to falling short of their own long-term goals. The propositions suggested herein extend the prior research in this particular domain (Baumeister et al. 1998; Janssen et al. 2010; Muraven et al. 1998; Muraven and Slessareva 2003) and are currently being tested.

REFERENCES


CONSUMER DECISION-MAKING IN RELIGIOUS VIRTUAL COMMUNITIES: 
AN EXPLORATION OF SOCIAL IDENTITY, TIE-STRENGTH AND TRUST

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ABSTRACT

Through virtual communities, individuals can meet in chat rooms where they can engage in real time discussions about their topics of interest, visit bulletin boards where they can exchange information, engage in debate forums where they can voice their opinions, or they can review various product and services (Toder-Alon et al., 2005).

Today, one of every six adults spends some time visiting faith-oriented websites during a typical month (Barna, May 2008). In addition, 23% of the population is now considered to be unattached, meaning that they have not been a part of a conventional church and/or an organic faith community (e.g., house church, simple church, intentional community) within the past year (Barna, March 2008). New research indicates that Americans no longer believe that involvement in a conventional church is the most legitimate means to express one’s faith, with a significant number of people believing that interactions within a faith-oriented website and participation in live online events to be appropriate ways to experience and express their faith (Barna, May 2008).

This paper presents a conceptual model which considers how social-identity, involvement, trust, and tie-strength influence consumer decision-making within religious social networks. These factors are discussed in relation to the changing dynamics that exist within organized religion. This research proposes that consumer decision-making within a religious virtual community is influenced by the desire to manage one's self-identity and by the consumer’s level of involvement. The model posits that consumers explore the malleability of their self-identities through lurking and/or posting behavior. The model also weighs the consumer’s level of involvement in a specific religious website and level of involvement in a religion or denomination.

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COMPONENT DIFFERENTIATION AS A TACTIC FOR ENTERING MATURE INDUSTRIAL MARKETS

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ABSTRACT

Strategy adopted by a company manufacturing and distributing automotive gaskets as component parts to extend the line/ diversify markets. The issue of late entrance into mature markets is discussed and primary research undertaken to identify relevant value propositions for each target; summary financial data validating success of is also presented.

INTRODUCTION

Contemplating entry into an established and mature market for any industrial product requires a careful approach with special attention to relevant fundamentals. Streb 

(1987; Silicon Strategies Marketing, 2009) A summary review of the literature reveals that the odds of success for later entries are certainly against the company planning such an entry. DeCastro et.al. (1995), for example, examined the relationship between order of market entry competitive strategy and financial performance for a sample of firms in various lines of business. The researchers found a significant relationship between entry order and competitive strategy. This relationship had a significant influence on the firms’ financial performance. Lieberman & Lathan (1988) and Kerin, Varadadarajan & Urban (1993) also reported on the importance of first mover advantages. A comprehensive meta- theoretical analysis of research on innovation speed (Kessler & Chakrabarti 1996) also included a number of research findings regarding the importance and the advantages of first mover status.

There are, however, studies which show that later entrants into mature markets are not necessarily doomed to failure. Kalyanarum, Robinson & Urban (1995) presented a series of established empirical generalizations regarding order of entry. These generalizations include the statement that order of market entry is not related to long term survival. Golder & Tellis (1993) stated that the presumed advantages of pioneering entry could be called into question. Robinson, Furnell & Sullivan (1992) raised essentially the same issue by testing a comparative advantage hypothesis across 171 diversification entrants. These researchers found that market evolution changes the requirements for success. Factors such as, for example, the entrants’ degree of product innovation experience and available distribution channels may increase the opportunity for later entrants to succeed in mature markets. Schnaars (1986; 1991) has also provided empirical data which point out the possibility that later entrants can find success in mature markets. Reports by Paley (1996) and by Weintraub, et.al. (2001) have presented documented examples of individual firms that have overcome the obstacles often assumed to limit the potential for late entrants to establish themselves in mature markets.

Planning for Entry into Mature Markets: Corporate Experience

The company discussed in this article had extensive experience in the business of manufacturing and distributing gaskets as components for automotive manufacture.

Corporate experience and internal knowledge were considered strengths or competitive advantages which could be drawn upon when considering expanding its product line to supply specific gaskets to manufacturers within NAIC categories outside of the auto industry. Narayandas & Rangan (2004), for example found that, because of their reputations and stored knowledge, established firms can have an easier time entering mature markets. Barney (1991) pointed out the importance of a firm’s resources and its sustained competitive advantages when entering a mature market. Eppler, Argote & Devardes (1991) discussed the importance of the organizational learning curve and of knowledge acquired through experience in market development. Moorman & Miller (1997) referred to the importance of
organizational memory and Peretto (1996) discussed the importance of in-house research when planning new market entry initiatives.

Planning for Entry into Mature Markets: Asking the Right Questions

Many case studies of corporate initiatives which eventually failed present observable similarities linked to the failure. Often the failure lies in not asking the right questions and in other instances it lies in misinterpreting the answers to the right questions. Frequently a firm which has fallen short of its objectives has done so because in the process of stating objectives and implementing the overall strategy and tactics designed to achieve those objectives it lost sight of fundamental principles. The company discussed in this article achieved the objectives it set and maintained close contact with relevant fundamental principles. (McKinsey & Company, 2008)

Entering a mature market requires close attention to the issue of the intensity of existing competition. (Hambrick 1983 and Hambrick & Schecter 1983) The elements of the model created by Michael Porter (1985) served as a guide in answering the question: “Should we compete”? Having affirmatively answered the initial question the research undertaken by the company was directed toward answering two other critical questions:

1. In what markets should we compete?
2. How should we compete?

In addition, the company recognized that to successfully introduce its component parts in to mature markets would require special attention to the issue of differentiating the component. As it existed, gasket technology did not seem immediately amenable to differentiation in either design or in the materials involved in manufacture. The important point is that the component must work. Other means of differentiation such as speed of distribution were considered but most of these were expected aspects of the competitive environment. The company considered falling back on tactics such as offering deep trade discounts and incentives, absorbing freight costs or simply offering prices below those commonly asked by competitors. None of these tactics seemed feasible beyond the shortest of short term approaches. The company accepted Leavitt’s (1981) contention that there is no such thing as a commodity and that all goods and services can be differentiated. The research project described below was aimed at finding a practical way to differentiate the product offerings it planned to introduce into mature markets.

User Industry Trends

Gasket technology, per se, continues to evolve to greater uses of rubber and metallic compound products. The applications of the technology are very straight-forward and utilitarian. End-user manufacturers generally consider suppliers’ quality programs to be foregone conclusions rather than anything that would differentiate one supplier’s product from another’s. Additionally, “just-in-time” (JIT) supply standards remain closely related to engineering value in these products, and are also an expected product attribute rather than an exclusive product feature that is offered by any one vendor.

In summary, industry norms covered four areas in which manufacturers should be expected to perform well and, therefore, any attainable and sustainable competitive advantage must go beyond the surface of these. The four areas are as follows:

A. Price and delivery capabilities
B. Engineering support
C. Cost increase avoidance
D. Transaction cost reduction

Rationale: The Research Plan

The firm in question was a dominant supplier of extruded rubber gaskets for the U.S. OEM automobile market, but when that line of business began to slow it became obvious that sustainable economies of scale in factory production could only be achieved by diversification that would expand the firm’s existing customer base in industrial applications beyond that of automotive manufacture. The company was realistic and well aware that such expansion would be difficult given that the new markets they identified as targets were already being served by other manufacturers. The company also recognized that the existing buyer/seller relationships would be important and the issue of switching costs would enter any deliberation regarding a target customer’s willingness to substitute their new products for those already in use. The company further understood that all of the elements relevant to a potential customers existing supplier relationships, e.g., long-term reliance between sellers and buyers focused on technology issues, price and delivery would have to be, at the very least, equal in order to create a positive bond between itself as a vendor and the potential customers it chose to target.

Selection of Potential new Customers

Using NAICs, the firm in question and the researchers analyzed categories and individual firms
within those categories in order to identify key prospective customers for extruded rubber gaskets. A total 47 NAIC categories were used and within each category the criterion for the inclusion of individual firms was that they have annual sales in excess of $40 million. A survey mailing was sent to 1500 non-automotive firms within the United States in the NAIC categories where there seemed to be some potential for success in finding new customers. The survey forms were targeted to production engineers and product designers within the individual firms surveyed. These respondents were selected because it was reasonable to consider them as members of the buying center for gasket technology. Each survey carried a modest financial incentive to encourage participation.

It is important to note here that the respondents chosen to receive the survey were, in effect, informants regarding customer expectations and experiences. Because these informants occupy positions which necessitate that they make informed choices, the researchers assumed that their comments would be especially valid and their responses would quite likely be untainted by factors known to have an effect on the reliability of survey data. (Campbell 1955; Campbell & Stanley 1962)

THE BASIC RESEARCH DESIGN

Each potential respondent was queried on the following:

- Qualifications as to purchase and use in production of extruded rubber gaskets in the product(s) being manufactured
- Types, volumes and applications of non-automotive gaskets used
- Problems and opportunities met or unmet by current vendors in product applications
- Annual volumes and unit prices over a 3-year time frame
- Length of time as a purchaser of these gaskets from the same supplier
- Reasons why certain vendors were selected
- Purchase volume in units, and a 5-point scale covering the following:
  - buyer satisfaction with the vendor in solving manufacturing and/or product problems over time
  - ability of the vendor to respond quickly to purchaser needs in a generalized sense

RESEARCH RESULTS

Completed survey forms were received from 208 companies. The data collected were, in essence, census-type data that did not require any comparisons. As such, the data were prepared and presented to the firm in the form of a respondent-by-respondent and company-by-company analyses.

The data were sorted first by industry, then by company, and presented to the client firm in the form of summaries of the responses. The client firm was instructed to sort through the responses with the objective of identifying specific companies for which the survey results indicated that the respondents perceived one or more areas of weakness in the current vendor relationship. These weaknesses could then be treated as opportunities and where possible translated into specific actions based on the firm’s strengths in manufacturing experience and expertise and its marketing capabilities.

The survey results indicated that approximately 20% of the firms surveyed maintained an inventory of product on-site. Respondents reported that when the component product was considered specialized or proprietary e.g., size, material content, etc., buyers preferred that inventories be held by the initial vendor and supplied as needed.

When asked about “differentiation” as a key issue in vendor selection for the component product use, factors beyond the actual gasket product were reported as being critical to the vendor selection decisions made by the customers. The responses provided pointed relevant to the possibilities for differentiating the component. The section which follows provides examples of the relevant responses. In response to the question asking “what things can differentiate a vendor when buying gaskets?” the individuals surveyed responded as reported in Figure 1.

**Figure 1: Potential Areas for Differentiation.**

<table>
<thead>
<tr>
<th>From Purchasing:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor inventory policies that favor us</td>
<td>17.3%</td>
</tr>
<tr>
<td>Overall design engineering abilities</td>
<td>16.8%</td>
</tr>
<tr>
<td>Vendor’s overall technical ability</td>
<td>16.2%</td>
</tr>
<tr>
<td>Range of materials available</td>
<td>14.7%</td>
</tr>
<tr>
<td>Application engineer availability</td>
<td>12.6%</td>
</tr>
<tr>
<td>Volume price discounting</td>
<td>7.3%</td>
</tr>
<tr>
<td>Vendor credit policies</td>
<td>7.9%</td>
</tr>
<tr>
<td>From Engineering:</td>
<td></td>
</tr>
<tr>
<td>Vendor overall technical skill</td>
<td>19.1%</td>
</tr>
<tr>
<td>Vendor inventory policies</td>
<td>19.1%</td>
</tr>
<tr>
<td>Availability – 800 hot line phone</td>
<td>16.7%</td>
</tr>
<tr>
<td>Range of materials available</td>
<td>13.0%</td>
</tr>
<tr>
<td>Application engineer availability</td>
<td>11.7%</td>
</tr>
<tr>
<td>Design engineering ability</td>
<td>11.7%</td>
</tr>
<tr>
<td>Product life/warranty</td>
<td>8.0%</td>
</tr>
</tbody>
</table>
Further, the data that indicated a general attitude that “no one supplier” could fill the manufacturer’s overall needs. The frequency of this response was interpreted a strong indicator that there were opportunities for the manufacturer to gain business provided all other criteria were met: These data are reported in Figure 2.

Figure 2: Single Source Choices by Customer

<table>
<thead>
<tr>
<th>Purchasing Respondents</th>
<th>Engineering Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use or want single source.</td>
<td>28.1%</td>
</tr>
<tr>
<td>Want single source, but none available</td>
<td>34.4%</td>
</tr>
<tr>
<td>Do not want single source</td>
<td>29.7%</td>
</tr>
<tr>
<td>No opinion</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

SUMMARY

At the time the research data were delivered, this particular client division, although serving the automotive industry globally with large consequent corporate earnings, was generating only $1.0mm in sales to non-automotive firms. With specific company-by-company information covering manufacturing needs and any currently used vendor inability to resolve specific issues, the client was able to examine its own internal strengths, observe solvable weaknesses in its competition, and maximize its response and reaction to an entirely new, previously untapped marketplace.

While the actual sales data are proprietary, in August of 2010 the authors were able to contact D.L. Kessler who was the corporation president at the time the data were collected and the resulting entry plan was implemented. He reported that based on the differentiation tactics interpreted from the survey data the company pressed ahead with its plans for improving its current share of the automotive and diversifying into other industries in which gaskets were a manufacturing component. He also reported that within 12 months, the client’s sales grew from a base of $1.0mm to $13.75mm, and continued to sustain that new level in a new marketplace for several years until the parent company was purchased by a larger conglomerate. (Personal Communication)

Also the CEO, who has since retired, specifically made the point that the broadened sales base of what had been the automotive gasket division greatly enhanced the firm’s overall profitability and consequent selling price to the purchasing conglomerate.

Conclusions

Based upon experiences reported by the firm reported upon and that of other firms the authors conclude that:

1. As reported in the literature surveyed for this article, successful later entry into a mature market remains a possibility.
2. When considering competing in a mature market a firm must assess its competitive strengths and acknowledge and attempt to eliminate its competitive weaknesses
3. If uncertain about any aspects of the mature market, in which it intends to diversify, a firm should pose appropriate questions regarding the market and undertake primary research directed toward clarification of uncertainties.
4. Lastly, a firm considering improving its market share or profitability will benefit from recognizing the relevance of fundamental marketing principles.

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investigating intra-plant transfer of knowledge acquired through learning by doing. *Organizational Science, 2*, 56-69.


ABSTRACT

A new method of strategic planning is presented that relies on the resource-based view of the firm. In a sequential and integrated way, it guides decision-makers from brainstorming, via the identification and quantification of relevant factors, to a list of strategic priorities. The tool is developed in an Excel workbook.

INTRODUCTION

The theoretical soundness and heuristic validity of SWOT analysis has come under serious doubt. The method has been criticized for relying merely on subjective intuitions, for not allowing for quantification, and for lacking any predictive power. Some scholars simply deny that it serves any useful purpose at all while others simply ignore it.

SWOT analysis assumes that successful strategies are based on a good fit between internal resources and external possibilities. Distinctive competencies of organizations must “hook onto” parameters in the technological, economic, social, and regulatory environments that require and support such competencies. There is much empirical support for the strategic fit theory. A good fit between context and strategy positively impacts performance (Drazin and Van de Ven 1985; Lukas, Tan, and Hult 2001; Venkatraman and Prescott 1990; Zajac, Knatz, and Bresser 2000). The basic intuition behind SWOT analysis appears to be sound. Therefore, the criterion of strategic fit shall be preserved but embedded into a new model of planning. It relies on a more structured approach, integrates insights of the resource-based view (RBV) of the firm, involves quantification, and guides decision-makers in a seamless process of data elicitation to a list of prioritized strategic objectives that are consistent with the mission of the organization.

THE HEURISTIC MODEL

Theoretical Rationale

Organizations pursue objectives, and success depends on achieving a close match between what it takes to succeed and the resources they can bring to bear. The industrial organization model that dominated the strategy literature for at least two decades, viewed strategy formulation basically as a process of adapting to opportunities in the environment. However, much research, and the business experience of the last four decades raised the question whether internal factors must really always adapt to external ones. In contrast, the RBV assumes that a firm’s internal constellation is more critical to the determination of strategic action than is its external environment. After all, the situation of an organization is better known to planners, and data are usually more readily available: “the RBV is an inside-out perspective on organizations that seeks to identify the characteristics of firms with superior performance” (Rouse and Daellenbach 2002: 966). Each firm is viewed as a unique bundle of resources typically of three categories: tangible assets, intangible assets, and capabilities (Galbreath and Galvin 2004). Tangible assets (e.g., financial and physical) and intangible assets are resources that a firm has (e.g., intellectual property, organizational assets, reputation), and capabilities are what a firm does (e.g., its know-how). For our purposes, strict distinctions between resources and capabilities are not necessary (Conner 1991; Barney 1997), but it is understood that some capabilities are of a more complex nature and are created by combining less complex resources and capabilities (Valentin 2001). In the RBV, these resources and capabilities are the key determinants of competitive advantage.

One challenge of course remains: how can a firm identify which of these resources and capabilities are capable of creating a sustainable competitive advantage? Barney (1991) sets forth four criteria for resolving this question. In order for a resource or capability to be strategically beneficial it must be valuable, rare, inimitable, and non-substitutable. Similarly, Prahalad and Hamel argue that in order to determine whether a capability constitutes a core competence – a basis for a firm’s competitive advantage – the capability should grant the firm “potential access to a wide variety of markets” and should significantly enhance the benefits
of the final product or service as perceived by the customers (Prahalad and Hamel 1990: 83). These two criteria together could be considered to comprise the “valuable” criterion. The other core competency tests are that the capability should be difficult for competitors to imitate, which captures Barney’s criterion of inimitability.

Barney developed an analytical tool for decision makers to use in conjunction with the RBV. The VRIO Framework asks the following questions:

V (Value): Does the resource enable a firm to exploit an environmental opportunity and/or neutralize an environmental threat?
R (Rare): Is this resource currently controlled by only a small number of competing firms?
I (Inimitable): Do firms without this resource face a cost disadvantage in obtaining or developing it?
O (Organization): Are a firm’s policies and procedures organized to support the exploitation of its valuable, rare, and costly-to-imitate resources?

In this view, an organization must turn to its internal resources and capabilities to guide its strategy process if it hopes to successfully navigate an increasingly turbulent external environment. Scanning of the external environment then always takes place against the background of existing internal factors. Yet conditions in the business environment still determine which resources and capabilities can be leveraged to capture opportunities or alleviate threats. In other words, strategists cannot judge the relative merit or strategic value of a particular internally controlled resource or capability in isolation from their assessment of the external environment, for every internal factor supports or does not support a potentiality in the environment by allowing or hindering its actualization. The VRIO criteria should prioritize resources and capabilities with a view to capturing the right external factors.

However, the RBV suggests a possible trade-off between investing in existing core competencies and investing in capabilities that could become core competencies in the future. It has been described as the “sustainability-attainability dilemma” (Miller 2003). A resource or capability that meets the VRIO criteria of being valuable, rare, inimitable, and non-substitutable, will be sustainable by the firm that currently possesses the resource, but it will also be hard, if not impossible, to attain others. Therefore practitioners are left with a problem: if inimitability is the key to achieving a competitive advantage, how can their firm act to create such an advantage with resources and capabilities it does not already have? The answer may rest in a firm’s ability to build on its asymmetries. These are processes, skills, and assets that are unique to the firm, non-substitutable, and inimitable; competitors cannot copy these asymmetries at a cost that will allow them to earn economic rents. The one criterion that is there-by relaxed is “valuable.” Firms are assumed to be able to “reconceptualize” these asymmetries by creating organizational processes and designs that can realize the untapped value in them, and in doing so are able to match them to market opportunities. This discovery is important because it adds a crucial innovative quality to the RBV. The heuristic tool shall assist decision makers in discovering these asymmetries and in recognizing how they may become valuable to the organization in the future.

Implementation

It is assumed that organizational objectives are given or defined in the context of a strategic planning exercise. A strategy can successfully be formulated only with regard to the achievement of specific objectives. Critical success factors must then be identified that describe the paramount dimensions on which companies in that particular industry compete. These critical success factors are the resources and capabilities of the firm, which brings to bear the essential insight of the RBV. Different from SWOT analysis, internal factors are not generated from the mere imaginative capacity of decision-makers, but the firm is evaluated according to how well it matches what the competitive environment requires for success. The most important competitors are listed in order to rate the firm’s perceived performance on the critical success factors. Evaluation by soliciting judgments is never done for the firm in isolation but always with respect to its competitors, which again relates resources and capabilities to the competitive environment.

Resources and capabilities are then evaluated according to the VRIO framework on rarity, inimitability, and organization. The “valuable” criterion is not assessed in the process until the resource in question is matched to the external environment. This is because by definition the “value” of a resource resides in its ability to exploit opportunities or neutralize threats in the external environment, and it thus operationalizes the idea of strategic fit (Barney 1991).

Relevant factors in the business environment are then identified independently of the internal analysis. PESTEL (political, economic, socio-cultural, technological, ecological, and legal) factors need to be considered (Carpenter and Sanders 2007: 91). They are judged according to their expected impact, the probability that these trends will increase, and the perceived urgency for the organization to address them. This assessment now allows for judgments about strategic fit, i.e. about how well resources and capabilities support opportunities or alleviate threats in the environment. No classification into opportunities and threats is undertaken, in order to avoid the circularity of reasoning that is typical of SWOT analysis, which often catego-
rizes as opportunities those environmental forces which match an internal strength. Since strategy needs to address both opportunities and threats, only the ability of given resources and capabilities to deal with either is deemed relevant.

Lastly, the idea of strategic fit is also operationalized by judging the degree to which resources and capabilities support organizational objectives. These judgments then automatically generate a list of pairs between resources or capabilities and environmental factors that are closest and of overriding importance. The most serious limitation of the model is of course that combinations between an internal and an external factor may be generated by accident but not have any real bearing on each other. The judgment of decision-makers is indispensable here, but it comes in only at the end of a the structured process. Factor combinations can be dropped from the list and other factor pairs rearranged according to perceived priority. The outcome is a prioritized list of strategic priorities that depends on all the previous assessments. According to the logic of RBV, the strength of resources or capabilities, and their strategic fit with environmental factors, is prioritized over the strength of these factors alone. This appears to be a crucial advantage over SWOT analysis.

THE TOOL

General

The theoretical rationale is implemented in an Excel workbook consisting of a title sheet and seven interconnected worksheets. Its purpose is to guide decision-makers in a seamless process from an initial phase of brainstorming to the generation of a ranked list of strategic priorities. The tool is therefore viewed as a heuristic device. It allows for iterative revisions of judgments, as decision-makers change their assessment in the course of the planning exercise.

All questions are asked about the organization for which a strategy is to be developed rather than about its competitors. Assessment of internal and external factors by way of multifactor scoring is a standard procedure in strategy formulation (David 2011: 81f., 122f.). With the exception of the question about priority levels of organizational goals, all questions are asked on a 5-point scale, which appears to allow for sufficient (or even maximum) reliability. Research has shown that reliability is highest for 5-point scales if unipolar scales are used, which is the case at least for some questions (Dawes 2008). The order of items is not of relevance (with the exception of the final prioritized strategy recommendation).

Worksheets

Worksheet RESOURCES AND COMPETITION collects classification data relating to the planning project and to overall organizational objectives, which can be weighted by their degrees of priority. Resources or capabilities that are crucial for success in the respective industry (critical success factors) must then be enumerated, and their relative importance is determined on a percentage weighting scale. In order to generate a map in Euclidean space, the list of internal factors must be reduced to two dimensions by first identifying two superordinate competitive variables and later deciding to which of them individual resources and capabilities relate. Next, a list of competitors is generated, and the estimated sales volume of the organization in comparison with competitors (or their respective divisions) must be indicated. The perceived performance of the organization against each competitor on all resources and capabilities must be estimated.

These choices generate a table on worksheet COMPETITIVE MAP which calculates the competitive advantage of all competitors, both in absolute values and normalized to the mean of competitors, which is defined as the sum of scores achieved on the two competitive dimensions. The absolute and normalized rank order by competitive advantage is calculated, and a macro reveals the closest and second-closest competitor for the organization depending on the minimization of distance in Euclidean space. A map allows for a visualization of the competitive field as defined by the previous data input. It may be understood as a positioning map reflecting the perceptions of decision-makers (Figure 1).

Worksheet (V)RIO serves to collect data about the evaluation of resources and capabilities of the organization according to the VRIO framework (by leaving “value” to a future step). Likert-type answers about agreement are elicited to the following statements:

Rarity:
(R1) Our competitors cannot do this.
(R2) Our competitors do not have this.
(R3) Our competitors cannot acquire this.

Imitability:
(I1) Our competitors cannot copy this.
(I2) Our competitors cannot easily develop this.

Organization:
(O1) We benefit from this factor through our reporting structure.
(O2) We benefit from this factor through our budgeting process.
(O3) We benefit from this factor through our compensation policy.
For some planning purposes, the three organizational items may appear of little relevance, or answers cannot be given. Choice of the “neutral” option prevents these items from influencing the aggregate average scores. Items carry equal weight, and the interval level of measurement is assumed.

Worksheet BUSINESS ENVIRONMENT elicits an identification of relevant PESTEL factors and an estimate of their relative importance. Both the statics and dynamics of the environment are assessed by deciding on the likely impact of external factors on the success of the organization (as operationalized by organizational objectives) and on the probability that these factors will increase in importance over the planning period. The degree of urgency of addressing the respective factors is assessed independently in order to avoid strong assumptions about consistency in judgments. The question about urgency introduces a time scale into the measurement exercise and facilitates the generation of prioritized strategic action steps.

Worksheet FIT asks decision-makers to decide, for each resource and capability, to which degree it relates to the important factors in the external environment. If an internal factor has no obvious bearing on an external factor, “Very weakly” should be chosen. Fit is measured by the number of internal factors and how strongly they collectively match external factors. The average aggregate score represents the “value” of resources and capabilities in the VRIO model. The use of a continuous scale is expected to mitigate the problem of uncertainty in the categorization of factors into strengths or weaknesses. Lastly, the fit of resources and capabilities with organizational objectives is assessed by the degree of perceived match. It expresses the intuition that a resource may strongly correspond to an environmental factor without being very relevant for the organization.

Based on these decisions, a chart is automatically displayed on the worksheet STRATEGY MAP that depicts the previous assessment and visualizes the subsequent generation of action steps. Resources and capabilities (blue bubbles) are located towards the right of the chart if they are relatively rare and inimitable and enjoy organizational fitness. They are positioned towards the upper end if they are characterized by a high degree of strategic fit; the bubble size expresses the degree of fit with objectives. The relevant factors of the business environment are plotted on the same chart (tan bubbles), horizontal positions expressing perceived strength of impact, vertical positions expected increase, and sizes of bubbles express degrees or urgency. For both sets of data, locations in the upper-right quadrant indicate high ratings on both dimensions, and locations towards the right or the upper edge of the chart high ratings on at least one dimension of measurement. The third is the relative bubble size (Figure 2).
On the worksheet STRATEGY DEVELOPMENT, pairs of internal and external factors are automatically generated based on a minimization of distance between the two types of factors, location maximally to the right and the upper edge, and bubble sizes. The list is subjected to judgments by decision-makers as to which combinations have a true bearing on each other such that an internal factor supports an external one. Irrelevant pairs can be dropped, and for perceived matches, three degrees of priority can be expressed. The list is then reordered to formulate the outcome of the planning exercise – a prioritized strategy.

### SUMMARY AND EXTENSIONS

The proposed alternative to SWOT analysis appears to resolve many of the shortcomings of this management tool. The *ad hoc* nature of SWOT analysis is at least partially overcome through a systematic approach in an interactive format. No longer are all factors of equal weight, since quantification at the ordinal level is possible. The model allows for differentiation between factors according to their importance. The tool still relies on subjective judgment, and to some extent this will remain indispensable in strategic planning. However, parametric data could easily be converted to ordinal scales if available for some variables. Maybe most importantly, ideas derived from the RBV of the firm make this method more guided by the resources and capabilities of organizations than simply by market opportunities, without eschewing the importance of finding a good match between internal and external factors. It presents strategy-making as a matching process driven by resources and capabilities rather than by often unattainable opportunities in the business environment. By guiding the process of strategy formulation in an iterative fashion rather than jumping to conclusions, as is often the case within the classical SWOT model, it is a more methodical aid for decision-making than most of the alternatives proposed in the literature. It will still not claim predictive power but serve as a practically-oriented planning device.

The tool can be extended by incorporating refinements in the strategic planning literature. A heuristic tool for systematically scanning PESTEL factors may be incorporated. A worksheet could be included that facilitates the aggregation of individual judgments in a brainstorming session. Converting from ordinal to cardinal measurement levels may be considered where possible. The dashboard style might be improved so as to facilitate industrial applications. A more advanced programming language such as C# would overcome some of the limitations of Excel and make the tool more usable in organizational settings. Its fundamental purpose as a heuristic device bridging the gap between idea generation and strategy formulation in planning in a theoretically sound and procedurally integrated manner remains intact.
REFERENCES


INDUSTRIAL BRAND EQUITY, BRAND SYNERGY, AND THE DECISION TO PARTNER

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ABSTRACT

The decision to form co-brand partnerships based on brand synergy may be in competition with relationships based on logistical concerns rather than brand alliance, effectively complicating the industrial brand equity (IBE) and brand decision relationship. Features of price, production, distribution, etc. combined with low IBE may complicate the evaluation of longer-term brand synergy investments in lieu of short-term cost benefits. In such situations, firms seeking partnerships may decide to trade-off brand value for logistical value. The bulk of previous research has focused on consumer’s perception of co-brand issues, not brand issues based on manager’s perceptions of IBE and brand synergy. One contribution this study makes is to develop a deeper understanding of when, why, and how managers form brand alliances on the basis of potential for brand synergy rather than on price, production, distribution, etc. Moreover, the question of how brand equity and brand synergy operate at the level of the firm rather than at the level of the consumer is explored.

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WHEN BRANDS ARE HELPERS IN OVERCOMING CULTURAL SHOCK

Eliane Karsaklian, Université de la Sorbonne Nouvelle

ABSTRACT

Because it is necessary to explore beneath the surface of consumers’ thoughts and deep-rooted motivations, projective techniques allow researchers to tap into consumer’s unspoken values. As consumers living abroad, expatriates seem likely to stick to their values by buying brands that convey those same values. Brands seem to encompass great importance and play specific role in expatriates’ consumption behavior. The present research applies projective techniques based on narratives, in order to understand expatriates’ relationships with brands during their sojourn abroad.

INTRODUCTION

Marketers strive to understand attitudes, motivations and behaviors that drive brand and product selection and loyalty. In addition to tangible aspects such as price, availability and product feature, brand selection and loyalty are also based on intangible values that go beyond rational attributes and reasons. Thus, consumers will select brands that fit their own value system because of the emotional benefits that brand ownership can provide to them. In an attempt to understand the core values that determine these emotional relationships with brands and products, companies will often conduct research based on qualitative data.

RESEARCH BACKGROUND

Because it is necessary to explore beneath the surface of consumers’ thoughts and deep-rooted motivations, projective techniques allow researchers to tap into consumer’s unspoken values. Experience can, through stories, become part of consciousness. The narrative mode deals with the dynamics of human intentions, because people seek to explain events by looking at how human actors strive to do things over time. As consumers living abroad, expatriates seem likely to stick to their values by buying brands that convey those same values. Brands seem to encompass great importance and play specific roles in expatriates’ consumption behavior. However, part of the relationship between expatriates’ and brands is unconscious and emotional, and thus tough to investigate with direct questioning. Researchers searching for more accurate information about these relationships should apply qualitative methods to obtain the needed depth and transparency in participants’ responses. Therefore, the purpose of this paper is to investigate in which measure brands might influence expatriate consumers’ adjustment in a new cultural environment. As both brands and people spread in the global landscape, seeking ways of relating and belonging, this research could enlighten the way global consumers use brands as well as the way brands should build identity and communication in the global market.

Narratives

When telling about their experience, participants respect the chronological order of happenings and create a sense-making situation as narratives convey experience through reconstituting it (Squire, 2008). Narrative meaning is created by establishing that something is a part of a whole. Narrating is telling a story in the form of a causally-linked set of events, happening and situations that affect human beings. Narratives display the significance that events have for one another (Denning, 2000). People are storytellers as they tell narratives about their experiences and the meanings that these experiences have for their lives. All stories or narratives have a setting in which are evoked vivid associations of particular times and places. Another important element is characters, that is, the players in the action that will experience the situation with the consequences and reactions to these consequences by and for the characters. A story may contain one episode or a sequence of episodes that are more or less interrelated.

Among the qualitative techniques using narratives, the actantial model, developed by A.J. Greimas, is a tool that can theoretically be used to analyze any real or thematized action. In this model, an action can be broken down into six components called actants. Actantial analysis consists in assigning each element of the action being described to one of the actantial classes. Greimas’ (1983) Structural Semantics attempts a grand formalization of the narrative content by introducing the notion of “actant” (agents) that are central to the Greimasian approach to narrative. This author studied the role of all agents in a narrative, in relation to their contribution to the plot. After researching a large
sample of narratives, he came up with a typology that, since then, has been widely applied. Hence, the actantial model is composed of six actants and three axes, as follows:

- **The axis of desire**: includes a subject and an object. The subject is what is directed toward an object. For example, a fire-fighter is a subject aiming at saving people in a burning house, which are the objects.

- **The axis of power**: comprehends the helper and the opponent. The helper assists the subject in achieving the object of his desire, while the opponent aims to prevent him from reaching it. In the example, the helpers for the subject are everything that he can use to extinguish the fire and to save the people: water, ladder, etc. The opponents are the fire itself, the wind and other elements disturbing the fire-fighter in accomplishing his mission.

- **The axis of knowledge**: includes the sender and the receiver. The sender is the element requesting the action from the subject and the receiver is the element for which the quest is being undertaken. Continuing with our example, the sender is the institution that manages the fire-fighters and the receivers are the people who were saved, their neighborhood, and the city where is the house.

Marketers have long understood that emotional factors play an important role in brand or product selection and understanding a consumption experience is a prime goal of today’s marketers. In an experiential perspective, consumers are less interested in maximizing their benefits and more focused on gratification within a given social context (Carù and Cova, 2008). In those cases, consumption provokes sensations and emotions that do much more than merely respond to individual’s own needs, since they also touch upon the consumer’s search for an identity. Those authors state that experience is associated with feelings of great intensity and identity. Those authors state that experience is a prime goal of today’s marketers. In an experiential perspective, consumers are less interested in maximizing their benefits and more focused on gratification within a given social context (Carù and Cova, 2008). In those cases, consumption provokes sensations and emotions that do much more than merely respond to individual’s own needs, since they also touch upon the consumer’s search for an identity. Those authors state that experience is associated with feelings of great intensity and identity.

Global Brands

With the globalization of markets, there are more opportunities to create market potential through stimulating demand for products with universal appeal (Hassan et al., 2003). The objective is to identify consumers having the same expectations and requirements vis-à-vis products, despite cultural and national differences. The segment of global consumers being sometimes small in size in some countries is increasingly big across countries. Thompson (2004) talks about an emerging stream of consumer research that suggests a far more encompassing and significant interrelationship between cultural processes and structures and brand meanings than just the brand image. Brands create unique identities for a firm’s products in the eyes of its consumers (Keller, 2003). According to Strizhakova et al. (2008), consumers co-create brand meanings and brands become powerful because of their multiple meanings that are represented by quality, self-identity, group-identity, status, personal values, family traditions and national traditions. The universal vocation of a brand is closely linked to the universality of the benefit proposed to the specific global segment.

Global brand was defined by Steenkamp et al. (2003) as the one that the consumers can find under the same name in multiple countries, while Holt et al. (2004) see global branding as the one that relates to a standardization of products, packaging and communication. The negative attitudes and feelings of an inescapable loss of country differences created by the vision of same brands and same advertising everywhere (Kapferer, 2005) in tourists and other ephemeral travelers, is positive to expatriates who look for stability and familiarity when freshly arrived in the host country. Johansson and Ronkainen (2005), state that esteem for a brand is correlated with its familiarity level, which can be explained by the comfort and positive feelings that come with familiarity.

Expatriates

Wherever and whenever the term expatriate was originated, the notion has been existing for thousands of years, as it was defined as someone who lived and worked overseas (McCall and Hollenbeck, 2002). When a person moves to another culture, the problem is not the difficulty inherent to the host culture, but the difficulty linked to the difference between home and host countries. As a consumer, the difficulty is getting familiar and trusting unknown products and brands. When first examining adjustment among expatriates, researchers focused on obvious aspects such as food, weather and daily customs, but more recently, authors added other related dimensions that are adjustment to the job, interacting with host-country individuals and to the general nonworking environment (Stroh et al, 2005).

**RESEARCH DESIGN**

The research here presented was grounded in several research assumptions:

- Global brands are well perceived by expatriates
- Global brands are used to bridge the gap between home and host cultures
- Global brands are not used as facilitators in expatriates’ adjustment in all product categories
**Objectives and Method**

According to our research question, we believe that more than well-known names, global brands are a link with the home country and help expatriates to bypass the cultural shock. Based on the previous discussion we stated a research question as an exploratory step to examine the storytelling power of transparency in uncovering hidden feelings of this specific target. Our aim was to understand in which measure global brands, as well-known references, could play a role in helping expatriates to adjust. Our reading was based on the textual data from verbatim transcripts of depth interviews (Thompson and Tambyah, 1999). Participants were asked to tell (write) a story containing Greimas’ agents. The sample was composed of 34 individuals from Europe, America and Asia, which had spent at least one year as expatriates in any country. The experiment took place in central location, in France.

**RESULTS**

The method chosen to analyze responses was content analysis, which is an accepted method of textual investigation (Silverman, 2006). As Marvasti (2004) points out, the method offers convenience in simplifying and reducing large amounts of data into organized segments. Inspired of the completion projective techniques as well as on Greimas’ model, this method asked participants to continue the story presented below by following the corresponding directions, as follows:

The technique used in this research expected interviewees to feature Greimas’ agents as follows: supposedly, the senders would be the home culture and the company and the receiver would be the host culture and the local subsidiary. The subject, who is the expatriate, desires to be adjusted to the host culture in order to feel well and be productive. Adjustment is thus, the desired object. The subject encounters a resistance from the opponent, represented by the host culture and local brands to his forward movement, but he overcomes thanks to the helpers which are the global brands from the homeland or from other countries. This model is represented in Figure 2.

**Figure 1. Research model**

![Diagram of research model]

- Dependency on Global Brands evolves across the stages of expatriation adjustment curve.
- Home country global brands and global brands from other countries do not have the same influence on expatriates’ adjustment.

Based on those assumptions, our research question was stated as follows: do expatriates perceive brands as a link with their home culture? In our research model, we assume that expatriate’s adjustment is the dependent variable, which is influenced by the independent variable that is culture, this one being represented by both home and host cultures. The global brands intervene by bridging the gap between the home and the host cultures. The construct is represented by the figure below:
They were tired, but happy. Everything was new and different. While excited about experiencing expatriation, they were worried. They felt as being heroes in a novel, which goal was to survive in a new environment by adjusting to it. And, as in a novel, they knew there would be problems, that they would be facing adversaries and that to bypass all barriers they would need supporters.

Evidence from this research demonstrates that global brands can be used by expatriates for different reasons. The narratives collected here allow us to classify them into two main categories: as a way of fighting against homesickness and as a way of reassuring expatriates about the quality of the products. As it comes to the actantial model, the subject agent was always the expatriate, while the other agents varied.

**Homesickness**

In these cases, the object was adjusting to the new cultural environment and the helpers were home countries’ brands. Expatriates used to buy them to create situations similar to those they had at home, like long Sundays’ lunches prepared with products from the homeland in which “the brands were our relatives”. The opponent was the local culture which made them feel alone. As it was stated by one respondent when seeing home countries’ cars on the streets: “my heart is fulfilled with joy and my day become sunny”. This is consistent with our research question and theoretical model.

**Quality**

Global brands were the helpers in all the described situations. Although some of the expatriates are used to buy local brands to better adjust to the host culture, they prefer familiar brands for specific uses as their body and clothes. The helpers turned also to be opponents. This happened when expatriates tried well-known brands and noticed that the product was not the same they were used to buy in the home country. Some of them thought that “it was a counterfeit Coca-Cola, because it was sweeter” or a “strange Pepsi, as it was sweeter and spicy”. Often, participants looking for authenticity by buying global products, were disappointed, because they noticed that there weren't any, and all that was available were local adaptations of them, as for example, banana flavored Kit Kat and melon Fanta instead of “my beloved orange Fanta”.

One participant experienced very bad weather conditions during the sojourn abroad and thought that the best way of feeling better was with a nice hot chocolate from Nestlé: “Thanks Nestlé for having created powder chocolate to which we only add hot water and while drinking it we can imagine ourselves very far away”. Finally, there are situations in which the expatriates are disturbed by brand names they know: “I was looking for my
further investigate the contexts in which consumer-attributes. Academics on the other hand should communicate but also in terms of product presence of brands, as consistency and synergy should examine under new prisms the global quantitative techniques. Therefore, practitioners complementing the descriptive approach of expatriates and their attitudes towards brands, in being appropriate to explain the feelings of the expatriates and their attitudes towards brands, in having expatriate consumers disappointed with familiar global brands, because when the product does not correspond to the brand as they know it, it fails to play its role of helper. Consumers feel as being betrayed by those who were meant to be their supporters.

CONCLUSION

The findings reported here on the efficiency of the storytelling technique applied to expatriates have general implications. First, it comes out that it is worth to study expatriates as a growing market target, which develop specific relationships with brands. Second, the storytelling technique seems to be appropriate to explain the feelings of the expatriates and their attitudes towards brands, in complementing the descriptive approach of quantitative techniques. Therefore, practitioners should examine under new prisms the global presence of brands, as consistency and synergy appear to raise global demands not only in terms of communication but also in terms of product characteristics such as packaging, pricing and other attributes. Academics on the other hand should further investigate the contexts in which consumer-brand relationships are developed, as well as the commonalities of human and brand identities forged far from the country of origin. It seems that the real challenges of the global era rise away from home.

Discussion

The findings indicate that global brands are precious helpers, by providing practical and emotional safety or allow reconstituting memories of and situation from the homeland. This is why they can even become objects of desire. The potential of a loyal relationship between global brands and expatriate citizens appears to be greater because of the ambiguity linked to the contextual differences. As stated in our research question, familiar brands are perceived as helpers by the expatriates, when they experience ambiguous situations linked to the new cultural environment. We could argue that the search for familiar brands intervenes at the beginning of the adjustment curve, but results from this research demonstrated that they are used during other periods like the crisis as well, when nostalgia is stronger than their willingness to adapt. In those cases, home countries’ brands are preferred rather than the global brands from other countries.

It seemed that writing a story with inhuman characters was tough task to the participants. They spent between 10 and 30 minutes to write down the story and seemed to be somehow disturbed by the exercise. However, some quotes were very enlightening: When you first arrive in a new country, you feel lost and confuse. The first things that you see at the airport are billboards, and when they are about brands that you already know you feel a bit at home. After a while, local brands will become part of your life. You will feel more secure and less lost.

When I arrived in the airport, I felt as the only fish in the ocean, because I didn’t know anyone. Then, there was an ad for Heineken beer and I went to a bar to drink it with some Lay’s chips while seeing ads for cars and watches at the bar’s TV, and was wondering in which McDonald’s I would have dinner that evening.

Implications

Evidence from this study contributes to the existing research on the use of qualitative methods in marketing research. Indeed, managers should use projective techniques to deeper understand brands through the lens of the expatriates as consumers. Furthermore, brand’s meanings change from place to place and from person to person following the type of life they experience. Expatriates change clearly their behavior when they are abroad, because brand’s messages refer less to the product and more to the consumers’ values and aspirations. Although many brands target global audiences, researchers and practitioners neglected this growing target that is composed of people that are never locals, but try to survive in several different cultural environments. Indeed, the average length of expatriates’ assignments is three years and after re-entry they start preparing to go to a new destination. It is of interest to both marketers and researchers to use appropriate methods to understand expatriates’ relationship with brands as it can be significantly different from the relationship locals can have with the same brands. Using methods that allow going deeper in consumers’ feelings provide researchers and practitioners with more accurate information which will be a better basis for adequate decision making in brand management. So far, expatriates were deemed as a restricted niche market, but the
increasing number of professionals moving around the world might be of interest to marketers as a fruitful market target. Indeed, expatriates can start using new global brands during their sojourn abroad and become loyal to them when returning to the homeland, or going to the next destination.

Limitations and Further Research

The main limitations of the present research are its restricted sample. Although the chosen method was qualitative and the research approach was exploratory, a larger sample would give better understanding of the storytelling efficiency in describing expatriates’ relationship with brands. Analyzing few respondents from each culture is not unfair if we assume that expatriates are a universal target and that they tend to act the same way independently on their culture of origin. Nevertheless, a cross-cultural research conducted with a more representative sample would certainly confirm or reject this statement by showing if differences in behavior are observed and if they can be explained by cultural differences, instead of personal ones. Finally, some respondents were interviewed during their sojourn abroad, while some others participated in the research after re-entry, which could have introduced a bias in their responses.

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Marketing Management Association 2011 Proceedings 106
UNCERTAINTY AVOIDANCE AND ITS CULTURAL/COUNTRY IMPLICATIONS FOR CONSUMER BEHAVIOR

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ABSTRACT

This study uses the cultural dimension of uncertainty avoidance index and extends the implications of Hofstede’s findings. The study presents eight propositions involving uncertainty avoidance and its consumer behavior implications for different countries.

INTRODUCTION

Geert Hofstede’s (1980) seminal study of national cultures involving four dimensions of cultures laid the foundation for researchers to investigate this phenomenon in greater detail. Hofstede’s study ranked fifty countries and three regions based on four cultural dimensions – power distance, uncertainty avoidance, individualism, and masculinity. Countries with high power distance index have a great inequity between superiors and subordinates. Countries with high uncertainty avoidance index have a society where people do not like to take risks and prefer security and safety in everyday life. Countries that rank high in the individuality index have societies that promote self interest rather than the interest of the group. Countries that score high on the masculinity index have societies where the gap between men and women is very wide. This study investigates the impact of uncertainty avoidance on consumer behavior in different countries.

THEORETICAL BACKGROUND

Culture has been defined as a shared set of values and beliefs by Hofstede (1980), and it is common to members of the group and separates them from other groups (Hofstede 1997). Cultural values define the self and personality of consumers in different cultures. The four dimensions of cultural values – power distance, uncertainty avoidance, individualism and masculinity have been proposed and used by Hofstede (1983) and have been consistently used in cross-cultural studies by a number of scholars since then (Shivakumar and Nakata 2001). Not too long ago, Hofstede (2001), and Hofstede and Hofstede (2005) introduced a fifth dimension – long/short term orientation.

Scholars have studied the influence of all of the cultural factors that were proposed by Hofstede (1980), and its impact on behaviors of people in different cultures (countries). In industrialized countries there appears to be some divergence in people’s behaviors (Craig et al. 1992). This is because national cultural values are deeply influenced by a country’s history (De Mooij 2000), and even after people are exposed to different cultures they hold on to their own values and do not necessarily change and start buying foreign products (Suh and Kwon 2002) which may be cheaper (Kotler 1986).

This leads one to believe that cultural differences (Clark 1990; Steenkamp et al. 1999; Takada and Jain 1991) still play a dominant role in determining the values of people in different cultures and ultimately their behavior (Markus and Kitayama 1991). Since citizens of a country have similar language, history and religion, nationality has been considered synonymous and used as a proxy to culture (Dawar and Parker 1994; Hofstede 1983).

1994; Albers-Miller and Gelb 1996; Calantone et al. 2006; Cho et al. 1999; Cutler et al. 1997, 2000; De Mooij 2010; De Mooij and Hofstede 2010; Dow 2005; Han and Shavitt 1994; McQuarrie and Phillips 2008; Mindy 2001; Miracle et al. 1992; Okazaki et al. 2006; Polegato and Bjerke 2006; Pae et al. 2002; Singh et al. 2006; Soudien et al. 2006; Stern and Resnik 1991; Roth 1995; Taylor 2005; Wong and Merriëes 2007; Zandpour et al. 1994; Zhou et al. 2005) to different countries due to differences in culture.

Uncertainty avoidance

Hofstede used the term uncertainty avoidance based on Cyert and March’s (1964) study and defined it as, “the extent to which people feel threatened by uncertainty and ambiguity and try to avoid these situations” (De Mooij and Hofstede 2010, pg. 89). Countries with high uncertainty avoidance need rules and formality to structure life.

Uncertainty avoiding societies may be less innovative than uncertainty accepting societies (Hoffman and Hegarty 1993; Kedia et al. 1992; Shane 1992, 1993; 1995). Cultural values like uncertainty avoidance explain the differences in the corporate venturing process in different countries. Uncertainty accepting cultures do not demand high levels of documentation and formal plans and projections before making decisions, they have greater tolerance for different ideas and prefer autonomy (Hofstede 1980), have less formal organizations (Hofstede 1997), and less regulations and high codes of behavior (Rodrigues and Kaplan 1998). Uncertainty avoiding societies prefer to conform to organizational norms and procedures. Uncertainty avoidance has also been associated with ethical orientation (Boldgettet et al. 2001, Vitell et al. 1993), quality control, R&D (Hoppe et al. 2004), and corporate governance (Hofstede 2004).

This study uses the cultural dimension of uncertainty avoidance index end extends the implications of Hofstede’s findings with the following propositions.

P1: People living in countries with a high uncertainty avoidance index will have a higher savings rate than those living in countries with lower uncertainty avoidance index.

People in countries with higher uncertainty avoidance index do not feel secure about their future and thus the tendency to save for the future, especially a rainy day. Culturally, flaunt their wealth is frowned upon and thus people in those countries refrain from showing off, and live a relatively modest life. This is in sharp contrast to countries that are low in the UAI where one may see a very low savings rate, and most of the income spent on non-necessities.

P2: People living in countries with a high uncertainty avoidance index will have a higher percentage of employment in the government sector than those living in countries with lower uncertainty avoidance index.

People in countries with higher uncertainty avoidance index like the idea of security and thus feel secure in the government sector where even though salaries may be lower, there is job security and pay raises and promotion. On the other hand, people living in countries that like uncertainty may not prefer working for the public sector since the opportunity to make higher salary is not there, even though it may mean getting laid off or fired in the private sector.

P3: People living in countries with a lower uncertainty avoidance index will have a higher free market index than those living in countries with lower uncertainty avoidance index.

People in countries with lower uncertainty avoidance index embrace the idea of market risks and market based merit instead of government dictated outcomes. The private sector will be a much higher percentage in comparison to the public (government) sector. Outcomes of the free market system will be embraced much more readily, even though it may mean higher prices. Government intervention in the free market system is not very appreciated in these countries.

P4: People living in countries with a high uncertainty avoidance index will have a lower mobility rate, i.e., they will stay put where they were born and will not relocate as frequently than those living in countries with lower uncertainty avoidance index.

People in high low uncertainty avoidance index countries like taking risks and will pick up and move to wherever their heart desires, as opposed to people in high uncertainty avoidance index countries where they are tied down by cultural norms, family and society.

P5: People living in countries with a low uncertainty avoidance index will have a higher job switch, and even career switch, rate, i.e., they will switch jobs much more frequently than those with living in countries with lower uncertainty avoidance index.

People in low uncertainty avoidance index countries like taking risks and will switch jobs in order to move up, even though it may carry a lot of risk. They will pick up and move to wherever there are job opportunities more so than people in high uncertainty avoidance index countries where they do not like taking risks with their job even though they may be able to be upwardly mobile. They like the idea of job security over uncertainty.

P6: People living in countries with high uncertainty avoidance index will also be high context in nature in comparison to countries with low uncertainty avoidance index.

People living in countries with high UAI are more likely to do business with people they have known for a long time since this reduces the risk in doing business. Better the devil you know than the one you
don’t. This is in contrast to people in low uncertainty avoidance index countries where business can be done without knowing the other side, as long as the business deal has its benefits.

**P7:** People living in countries with high uncertainty avoidance index will also have a lower number of lawyers per capita than those living in countries with low uncertainty avoidance index.

People in high UAI countries do business with a handshake and trust rather than legal documents. Business is conducted based on trust instead of legal documents. Giving and keeping word is more important than legal documents.

**P8:** People living in countries with high uncertainty avoidance index will also have a larger number of firms per capita that are family owned/run in comparison to countries with lower uncertainty avoidance index.

People in high UAI countries do business and hire based on trust rather than merit. They are more willing to practice nepotism and it is much more culturally acceptable to hire people based on their knowledge about the person instead of merit. The attitude in these cultures is that employees can be trained to do the work, but trust is not that easy to find.

**MANAGERIAL IMPLICATIONS**

A person planning to do business in another country where the culture is very different than his/her should be aware of these cultural differences. For instance, if one goes from a low UAI culture to a high UAI culture then one should avoid being very flamboyant and be willing to accept the modest lifestyle of people in that culture (even though they may have a lot of wealth) and also be willing to accept the habits of people in that culture who do not spend a lot on non-necessities. Similarly, people living in countries with high UAI when doing business with people in low UAI should be prepared to accept the ups and downs of a free market system and the lack of government support in case of bad and down markets.

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U.S. GENERATION Y EUROPEAN WINE PURCHASES: AN EMPIRICAL STUDY

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ABSTRACT

The current study examined the wine-buying decision-making process of U.S. Generation Y purchasers when selecting European wines. In total, 713 U.S. respondents of legal drinking age, were surveyed.

Findings indicate when Generation Y purchasers consider European wines, consumer experience and brand familiarity are significant variables, and the consumer search process helps to build brand familiarity. Brand familiarity improves the consumer attitude, which contributes intent to purchase. Results provide valuable information about Generation Y wine purchasers, aiding global wineries in improving their promotions and education of Generation Y purchasers concerning their products, as they develop marketing and positioning strategies in the U.S.

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THE UNDERGRADUATE MARKETING RESEARCH COURSE: SOME ALTERNATIVE ASSIGNMENTS

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ABSTRACT

The undergraduate marketing research course is a challenging course to teach, given the backgrounds and aspirations of undergraduate marketing majors. First, one needs to determine the goals for the course – how should we be training the next generation of market researchers and users of marketing research information? All marketing majors need to have an appreciation of the research process. They need to understand the basics of conducting a research study. Recognizing that the majority of baccalaureate level students are more likely to be users of marketing research than actually becoming designers of research studies, it is also important that students learn to evaluate research projects as well as having an understanding as to how to design a basic study.

Three commonly used approaches to teaching the marketing research course are lecture/testing, the case study method, and client sponsored projects. All of which have downsides. Traditional, prescriptive methodological study does not train graduates to work with “real” issues facing a company. Case studies looks a real issues, but are more likely to be one-dimensional and do not expose students to real world problems that confront the marketing researcher. Client sponsored projects pose numerous problems for the client, students and the instructor.

This paper proposes three assignments that will add a realistic business situation to the course, without the downsides of a live case project. The students are required to develop a research problem definition based on challenges and decisions facing actual business people in local businesses. Another assignment involves students in a “scavenger hunt” of finding information through secondary sources, evaluating the accuracy of the information and the credibility of different sources. The final assignment is designed to help students learn the difficulties of creating good survey instruments and the need to critically evaluate all questionnaires. The three assignments give students exposure to and an appreciation of some relevant and critical techniques used in the research process.

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ABSTRACT

Branding concepts often find a place in introductory marketing textbooks. However, given time and space considerations, covering those concepts with a comprehensive industry perspective is typically unachievable. Thus, supplementing textbook content with brief company cases can help students gain a better appreciation for the material with meaningful application. This paper presents a synopsis of brand alliance concepts appropriate for introductory marketing students. It then goes on to provide several examples of how the Nestlé Company uses these alliances as a competitive advantage. The conclusion includes questions for class discussion to stimulate further understanding and analysis of brand alliances in the marketplace.

With increasing frequency, companies are undertaking brand alliance partnerships. This is where two different companies pair their respective brands in a joint marketing effort. Co-branding in particular is often used as a strategy to establish a competitive advantage. It can strengthen the brand portfolio, leverage established brand equity, provide a mechanism for the brand to enter future growth categories, and reach important consumer segments. A key factor in the success of any brand alliance is selecting the right partner. Although selecting the right market, product, and adapting to local preferences are worthy of notation, successful brand alliances are premised on a natural fit between the companies and their brands.

Nestlé is the world’s leading nutrition, health and wellness company headquartered in Vevey, Switzerland. It sells over one billion products every day to people in 130 countries across the world. It invests approximately US$1.4 billion in research and development every year. Nestlé is built on the foundation of several hundred strong brands under its portfolio which range from categories like bottled water, baby food, and chocolate confectionaries to pet care, nutrition and health. Nestlé takes pride in its brand portfolio. Brand management is thus an integral part of the company’s marketing efforts. The company employs a number of concepts related to co-branding successfully. These concepts are elaborated in the full paper.

Nestlé has had several success stories in brand alliances. The MILO® Marathon continues to have strong brand association. The new brand venture with L’Oréal also stands out as Innéov has confirmed its number one position in oral cosmetics in Europe. Nestlé’s joint venture with DaShan also shows promise in giving Nestlé access to a developing market. However, not all brand alliances end with mutually beneficial results. Thus caution must be exercised when two companies consider a brand alliance to gain a competitive advantage.
INCORPORATING GLOBAL COMPETENCY IN MARKETING CLASSES: AN EXPERIENTIAL APPROACH

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ABSTRACT

Marketers face new challenges in expanding sales with corresponding changes and competition worldwide. Many marketing classes cover international marketing. Experiential learning, such as study abroad, plays a major role in developing global competencies in. This paper highlights a study abroad experience that injects global competencies in marketing students.

INTRODUCTION

As traditional markets become saturated, marketers are challenged to identify and develop new markets and segments worldwide. Much of the competition for new markets is international and global. Increasingly, marketers are forced by circumstances to interact and partner with people from different cultures and therefore different beliefs and expectations that differ from what marketers were used to in the past. It is the responsibility of marketing educators to provide the tools for the preparation of students to succeed in this changed environment. Such tools include experiential learning in marketing classes.

International business deals are often huge. For example in the very recent past, Boeing, the US aerospace giant, lost a huge sales deal for 180 passenger jets from Indigo, an Indian airline, to Airbus, the European airline consortium. Did culture and expectations or changing market conditions determine the outcome of this deal? A deal this big that runs into billions of US dollars can make a significant difference in the economy of a country and its employment situation. Such international deals are just too big to let go. It is quite possible that better understanding of the business culture, better networks with opinion leaders and decision makers in target markets, and better understanding of their needs would result in more successful marketing efforts and their impact on the business success of the organization.

Corporate ownership and governance, even in United States, is rapidly evolving into a union of diverse culturally influenced business and marketing philosophies and expectations. Many major mergers and acquisitions between international corporate giants from culturally dissimilar countries such as that of Acer a Taiwanese company and Gateway an American Company (PC World 2007) and Tata Motors of India buying the English brands Jaguar and Land Rover from Ford Motor company of the US (New York Times 2008) have taken place in the past five years and many more are underway. Larsen and Toubro Limited, India’s largest engineering and construction company has entered into a Joint Venture with the US based Gulf Interstate Engineering Corporation. Gulf Engineering already has sound operations in Mexico, South America, Russia and the Middle East (Times of India 2007). Very recently, Chinese organizations have made acquisitions in United States and others are being actively invited to invest by many US states.

A look at these giant business moves taking place all over the globe throws light on the fact that trade liberalizations are creating a lot of new opportunities in many new lands. As a result competition is also increasing rapidly. Businesses are seeking job candidates with adequate international knowledge and experience in order to succeed in the global village. Such knowledge can be significantly acquired and increased through direct exposure to, communications with, and other forms of direct interaction with individuals from other cultures and countries, especially the ones that are most promising at this time or in the very near future for business development.

USA is no longer people’s only favorite place to set up businesses or seek jobs although recent polls have once again ranked it the number one destination for foreign investments. At the same time, several third world countries such as India and China are becoming more and more attractive to investors, businessmen and job seekers alike, due their cost effectiveness. The 2008 release of the Forbes’ World’s Billionaires had four Indians make it to the top ten and a Mexican tycoon Carlos Slim at the third position. Others in the top ten list are from Sweden, Germany and Russia (Times of India
Another report that year indicated that about 63 percent of the companies globally were targeting Vietnam to capture the low labor costs benefit (Times of India 2008). In such a scenario where the global economies are opening up and making every effort to reap benefits by collaborating with other countries, it is very crucial for students to acquire global competencies in order to compete in the world beyond US. However, most marketing classes offered today can only provide book knowledge with very little real understanding of the true situation and environment of the global nature of marketing.

This paper will provide an insight into how global competencies can be introduced into marketing classes by way of an experientially enriching study abroad program. The program provides both cultural and business immersion opportunity for participants and is especially valuable to marketing students and practitioners. They gain first-hand knowledge of business customs, expectations, requirements, networks, and opportunities from the program in a very time-efficient and effective manner.

THE CHALLENGE

Students usually lack real world experiences. Since globalization has become an existing phenomenon, organizations have realized that the foundation of competitive success is the existence of globally competitive executives. Therefore organizations need to find suitable candidates with the appropriate set of competencies to perform effectively in this environment (Wu and Lee 2007). Working with international corporations or multinational companies and working in an international environment among a diverse workforce may be some of the major challenges that the American students are vulnerable to due to globalization.

Most of the American students’ knowledge is limited to the national boundaries and they are completely unaware about what is happening in the world outside of US. In order to be competitive with students from all over the world the American students will have to understand that there is a world beyond the US which is progressing rapidly and for them to be able to enter this global market, they will have to gain as much international exposure to gain critical global business competencies as soon as possible. This will enable them to better understand the opportunities and challenges beyond national borders, identify transnational segments, position effectively and communicate successfully. The final result will be additional sales and profits through winning target-focused marketing strategies.

GLOBAL BUSINESS COMPETENCIES

A graphical model has been developed to guide the reader through a conceptual framework to provide an insight into the theoretical context of our endeavor. Offering global business competencies building opportunities to students of marketing is part of the bigger picture of teaching marketing.

In order to prepare for acculturation with foreign partners, prospective international managers should have developed a set of traits or competencies. While it is practically impossible for anybody to acquire all the necessary competencies at once, it is still possible or rather sensible to acquire these competencies in stages (Wu, Lee and Tzeng 2005). Caligiuri and Santo (2001) have presented a list of goals that can be fulfilled in order to achieve these competencies in stages. These goals are categorized into ability, knowledge, and personality development. Ability deals with transactions and leadership. Knowledge deals with business structure, international business issues, and networking. Personality deals with openness, flexibility, and ethnocentrism. Ghose (1997), had provided a list of competencies that further explain each of these stages. Combining the Ghose (1997) list of global competencies and Caligiuri and Santos’s (2001) list of goals, a useful guide is developed for better understanding of the global competencies required to develop successful managers.

In a global scenario where businesses are spread in different geographical locations, the customers of the business may be very varied and their needs may be diverse. Therefore it is important to understand the needs, preferences and tastes of different customers in order to serve them right and give them what they need. It is important to keep your ears open to sense any
opportunities and threats to the business from competitors.

For a better understanding of competitive opportunities and threats, country specific knowledge, is essential. This includes the cultural, legal, social, and communications aspects of culture among others.

1. Cultural: It is important to gain knowledge about different cultures because people from culturally dissimilar countries have different needs, tastes and preferences. In order to do business globally it is important to understand the local culture in which the business is set in order to cater to the needs of the people of that country. It is also important to understand different cultures because often the business strategies and techniques that work in one country may not work in another. Therefore in order to step foot in another country it is important to closely study that country’s culture and devise strategies accordingly.

2. Legal: In order to do business globally it is very important to understand that different countries have different laws. Depending on whether the country is a democratic country or a communist country, the laws will differ from country to country. It is important to have very good knowledge of the different laws of the country one may be dealing with.

3. Social: It a known phenomenon that businesses and societies co-exist. They have a symbiotic relationship. Therefore it is necessary to fulfill the social responsibilities that a business has towards the society.

4. Communication: Good communication is the most essential part of any business. No business can exist without communication. It is important to be able be to market ones products and services in the right way at the right time. It is important to be able to understand the needs of the consumers or the end-users. Communication is the link that brings the business and its customers together in the market place.

**ACQUIRING GLOBAL BUSINESS COMPETENCIES**

The two most important sources of acquiring the earlier mentioned global business competencies are:

-- In-school teaching and learning; and,
-- Out-of-school teaching and learning.

In-school teaching and learning techniques include class-room discussions, quizzes, debates, case studies, group projects, class-room presentations, field trips, guest speaker, etc. Such techniques may help in developing the students’ communication skills, confidence and knowledge.

However, when these class-room activities are coupled with out-of-school learning experiences, it helps the students gauge the extent of practical applicability of theoretical knowledge gained in class besides helping the students measure the acceptability of their ideas in the real world. Some such out-of-school learning experiences involve academic internship, paid internship, undergraduate and graduate research, business seminars, workshops, study abroad, etc. These out-of-school learning activities help a student simulate the challenges they may be faced with when they step in the real world. One of these out-of-school learning experiences, study abroad, is discussed further.

**STUDY ABROAD**

Experiential research techniques that are more common include surveys, interviews, net searches and projective methods. Meaningful immersion through study abroad as an experiential research technique is relatively newer and hence a greater focus is being placed on this technique in this paper.

Discipline focused study abroad programs, especially, provide the sustainable competitive advantages (Vance 2005) of firsthand insider knowledge and invaluable observations of backstage culture. In addition they provide direct networking with essential contacts for current and future business endeavors. However, for these programs to be meaningful, we need to be aware that the basic types and stages of experiential learning are addressed by the variety of activities inbuilt into such study abroad programs.

Many leading universities have recently incorporated such meaningful immersion study abroad into their business curriculum and other schools are incorporating them in order to make their graduates competitive (Backman 2007). In January 2008, NAFSA reported that Study Abroad Programs are critical to leading, collaborating, and competing “effectively in the global arena.” (NAFSA 2008)

**SPECIFIC BENEFITS OF THE STUDY ABROAD PROGRAM TO STUDENTS**

The advantages of study abroad can be categorized into two sets of competencies. The first set is cultural competency and the other set is business competency. Koernig (2007) emphasized that in order to make a study abroad program effective, focus has to be placed on “… balancing academic content with cultural activities, selecting types of learning activities, and facilitating a
student exchange with a local university.” The two categories addressed are highlighted below.

a. Cultural Competency
   -- Understanding the role of culture and its impact on business processes.

b. Business Competency
   -- Real time learning from highly successful and influential business leaders of global trade across different industries like IT, Hospitality, Emerging Technologies, Manufacturing and Service Industries.
   -- Provides real time exposure to the challenges and opportunities of transnational businesses.
   -- Observing and studying major global and local businesses in operation.
   -- Establishing personal contacts in the corporate world.

A sample meaningful study abroad program is presented for the benefit of those desirous of starting one or improving an existing program.

A SAMPLE STUDY ABROAD PROGRAM

The India Study Program

Participants are accompanied by a faculty member on a visit to Chennai and surrounding cities in Southern India. Chennai is a booming center for international business. The focus of the immersion experience is business studies. The tour lasts two weeks and the group visits South Indian cities in order to get insights into business in both large and small cities. The group visits large and small businesses, multinational and businesses, gets into conference with high level executives and administrators from private industry and government. The group also gets guided tours of factories, hospitals, educational institutions, and cultural sites by renowned experts and attends exclusive seminars at these locations. Focus is on both cultural competency and business competency.

OVERALL DEBRIEFING

No program or tool is useful for replication unless it is assessed. Debriefing provides the opportunity to assess the study abroad program. Sims (2002) had emphasized the crucial contribution of debriefing to experiential learning. Participants were debriefed using journalizing, discussions, clarifications, reflections, and analysis. Assessment during debriefing showed almost a 19% increase in students’ self evaluation between pre and post program.

CONCLUSION

Globalization is here and a fact of business. However, the supply of globally competent personnel is in critical short supply. Business schools have to take the responsibility for supplying organizations with globally competent graduates. There are many understandable challenges though, such as the availability of resources, the lack of faculty preparation to lead these efforts, and the superficiality of knowledge of some existing leaders (Koernig 2007). In addition, many existing so-called study abroad trips are essentially, “Margarita Trips,” which are programs that are vacations with little or no contribution to cultural and business competencies. It is therefore necessary that US students in marketing are taught business competencies in order to compete and collaborate with global competitors and build strategic networks and alliances. To be of benefit to aspiring competitors in the arena of global business, serious attention should be focused on meaningful study abroad programs in addition to traditional experiential research techniques to address both cultural and business competencies in the marketing program in universities and colleges.

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SEGMENTATION STRATEGIES FOR TARGETING SUBCULTURES WITH VALUE PROPOSITION: GENERATION Y, MATURE CONSUMERS, ETHNIC, AND REGIONAL MARKETS

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ABSTRACT

Implementing market segmentation is an important key to successfully launching a marketing strategy and providing the expected value to consumers. This paper discusses marketing practices related to Generation Y, mature consumers, ethnic, and regional subcultures by discussing segmentation variables, marketing opportunities, value proposition strategies, and target market implementation.

INTRODUCTION

Marketers have a number of ways to segment their market. A look at demographic, psychographic, and sought-after benefit segmentation reveals it is helpful to consider more than one way to segment. Marketers often use generation groupings, such as baby boomers and Generation Y, to describe market segments. Understanding the social, political, and economic environment of Generation Y allows marketers to have a much better understanding of how this generation makes purchases decisions (Hawkins, Mothersbaugh & Best, 2007). Subcultures, a group of people within a larger culture who share common values, beliefs, activities, and experiences, can also be used as target markets (Hawkins et al., 2007). A number of opportunities exist for marketers to target ethnic groups, and other subcultures.

Recent economy woes, intense global competition, and fierce cost pressures make it necessary for marketers to have a solid marketing strategy. In developing a marketing strategy, an organization first should conduct a situation (SWOT) analysis and set marketing objectives with the ultimate goal of gaining and sustaining a competitive advantage (Hawkins, Mothersbaugh & Best, 2007, p. 11; Leuser & Washburn, 2009; Trinh et al., 2009).

Market segmentation is instrumental in helping organizations manage a diverse customer base strategy, allocating marketing resources effectively (Dibb & Simkin, 2009). Identifying a target market is a key in the development of a marketing strategy (Leuser & Washburn, 2009). By segmenting the market into customer groups with the same needs and buying behavior, marketers are able to focus their marketing efforts on more closely satisfying consumer needs (Dibb & Simkin, 2009). Using a market orientation that understands the needs and wants of the target market will assure a competitive advantage and can lead to improved profitability (Dibb & Simkin, 2009; Leuser & Washburn, 2009). To develop a market segmentation program, marketers must understand consumer behavior (Leuser & Washburn, 2009).

Consumer Buying Behavior

A firm can only succeed if its marketing strategy is built on a careful analysis of consumer buying behavior, assuring that the firm’s product yield satisfactory results to the consumer (Hawkins et al., 2007, p. 22). Marketers should use secondary and primary research including focus groups, interviews, intercept studies, direct mail, telemarketing, and mail or online surveys to understand consumer habits and preferences for updating and designing their products and services (Leuser & Washburn, 2009). For example, a recent survey of apparel buying behavior of 229 female baby boomers identified consumer needs and

LITERATURE REVIEW

Market Segmentation

To identify a target market, marketers generally segment buyers into different groups that share buying habits or have similar needs (Trinh, Dawes, & Lockshin, 2009). Marketers must create a marketing mix (i.e., product features, product development, price, communications, distribution, and services) that satisfies the target market needs and adds value to the market segment (Hawkins et al., 2007, p. 12, 19; Leuser & Washburn, 2009; Trinh et al., 2009).

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preferences in apparel design and store support that significantly helped the apparel and retail industry know how to better serve this lucrative market segment (Howarton & Lee, 2010).

### Market Segmentation

With increasing competition, marketers need to clearly define their target markets so the marketing strategy delivers the marketing mix that meets the functional and emotional needs of the consumer. Not all consumers or market segments should be treated the same and marketing strategies should be tailored to specific market needs. Market segmentation can assist marketers to analyze customer habits and develop groups based on consumer buying habits. According to Moschis, Lee, & Mathur (1997), market segments allow organizations to concentrate on consumer needs and preferences, resulting in greater customer satisfaction. By identifying the needs and preferences of specific target markets allows marketers to allocate resources to closely serve markets and achieve greater profit margins and sales (Thach & Olsen, 2006).

Due to the high volume of data and variety of variables available to marketers, segmenting the market can be a difficult task. It is often challenging for marketers to choose the most appropriate variables for their product lines, strategy, and markets. In a study to understand how managers implement market segmentation, organizations used several different methods to select variables for their segmentation including age and gender demographics, extensive quantitative data provided by third parties, behavioral data purchased, focus groups, census data, loyalty cards, and industrial market reports (Quinn, 2009). Another driving force on how managers implement market segmentation may be uncovering the strategic needs and priorities of the marketers and of the organizations they represent. For instance, retailers surveyed in the study conducted by Quinn (2009) revealed that many retailers where driven to segment their market based on the life-time value of customers rather than based on historical sales data. This allowed marketers to design, develop, and implement strategies focused on particular segments more effectively.

Research by Venkatesakumar, Ramakumar, & Thillalirajan (2008) indicates that segmentation can help marketers in serving their markets more efficiently and effectively by customizing their messages, promotions, and products. Specifically, marketers may target consumers by: (a) demographics: age, gender, religion, social class, occupation, etc. (b) psychographics: lifestyle, attitude, interests, etc., and (c) sought-after benefits: environmentally friendly products, reliability, etc. (Trinh et al., 2009; Well et al., 2010).

### Marketing Implementation

After defining the market segments, marketers must decide how to develop and implement the market segmentation program. The implementation process may present barriers, such as shortage of data; financial, time, and personnel shortages; organization culture; and operational resistance to change, impact the success of implementation. Working with the entire organization to demonstrate the effectiveness of the market segmentation is a challenge for a marketer.

The implementation of market segmentation depends on the entire organization to have buy-in and support (Quinn, 2009). Market segmentation is intended to understand the customers’ behavior, attitude and buying habits to offer solutions and set the stage for marketing strategies. However, differences in organizational departments may block the implementation of the marketing strategy, and organizational pressures may hinder target market implementation to delimit the marketing effort to take full advantage offered by the segmentation opportunities (Quinn, 2009).

To overcome implementation difficulties, marketers must promote market segmentation from the start to gain buy-in early from leaders and senior managers. Marketers need to coordinate and prepare the organization for functional alignment with the marketing strategy. Gaining commitment and involvement from top leaders and an effective communication plan will significantly help marketers implement market segmentation (Dibb & Simkin, 2009).

Prior to segmentation, consideration should be given to the infrastructure of the organization (corporate culture, senior leadership, project champions and mentors, and communication plan), resources (funds, time and commitment, and trained and skilled personnel), and approach adopted (learn from previous mistakes, decide coverage, and optimize project timing) (Dibb & Simkin, 2009). During the process of segmentation, marketers should focus on ensuring that the segmentation maximizes the opportunities of the market, resources are available, and the communication within the organization supports the marketing efforts. The marketing mix must be optimized for each market segment ensuring that all departments, budgets, and marketing strategies are aligned to match the market segments.

### Marketing Evaluation

Marketers must show a return on investment and proof of success. A regular review of the implementation progress is important to continue to gain buy-in from the organization; appraise competitive reaction;
and assess effects on sales, customer satisfaction, and profits (Dibb & Simkin, 2009; Moschis et al., 1997). Since consumers are constantly changing, marketers must continuously research, redefine, reallocate resources, and understand their consumers and target markets (Moschis et al., 1997).

**MARKETING WITH VALUE PROPOSITION**

**Generation Y**

Born between 1974 and 1994, Generation Y, also known as Echo Boomers or Millennials, are the largest generation since the baby boomers (Anonymous, 2010; Hanzae & Aghasibeig, 2010). Generation Y, the “children of baby boomers,” was noted to have the most buying power of any generation (Thach & Olsen, 2006). Generation Y consumers were found to behave different compared to other generations. Studies show that this segment spends its discretionary income mostly on entertainment, travel, and food (Hanzae & Aghasibeig, 2010). In 2007, more than $120 billion was spent by Generation Y in the US (Nielson Consumer Research, 2008). The report also revealed that U.S. households with at least one Generation Y member accounted for 37% of the total dollars spent in the U.S. (Anonymous, 2010). Recognizing the opportunities from this generation, General Motors Corporation created a task force with the specific purpose to learn how to appeal to the Generation Y target market (Hanzae & Aghasibeig, 2010).

Studies show that shopping for Generation Y is a positive experience and the experience is more than just to purchase a product (Hanzae & Aghasibeig, 2010). For example, 90% of Japanese women in their 20s own a Louis Vuitton purse, demonstrating both discretionary income and joy of shopping among this generation (Taylor, 2008). The Generation Y target market is so important to organizations that marketers cannot ignore this market segment.

Generation Y is brand-conscious, comfortable with credit purchasing, and is highly involved with Internet marketing and media-saturation (Thach & Olsen, 2006). Generation Y is Internet proficient; uses email, Internet shopping, chat rooms, blogs, and social network web sites frequently. Unlike many other generations, members of Generation Y feel empowered by what the Internet can provide in the way of information and possibilities. The Internet is a viable addition to an integrated advertising and promotion campaign to reach this generation.

Other characteristics of the Generation Y segment include: diversity conscious, positive and practical, belief in fun and responsibility, and environmentally and socially aware (Thach & Olsen, 2006). Marketers may use this information in their advertising and promotion campaigns to show diversity in advertisements and create marketing messages that are truthful from real people, present fun in advertising and promotional messages, and advocate socially and environmentally responsible behavior. As an example of using this information, wine marketers may want to use more diversity by showing younger adults and have more fun in their advertisement.

Vast opportunities exist outside the United States for marketers to target the Generation Y segment. For example, Iran has over 62% of its population under the age of 30 years old with 40% between the age of 10 and 25 years of age (Hanzae & Aghasibeig, 2010). In the Iranian market, more than 80% of Generation Y female buyers are fashion conscious, which may be extremely important for a clothing manufacturer interested in entering or expanding in the Iranian market (Hanzae & Aghasibeig, 2010). Other common traits of Iranian female and other members of Generation Y consist of seeking high-quality products, price-value consciousness, shopping pleasurable and fun items, and using multichannel shopping (Internet, catalogs, television home shopping, and stores) (Hanzae & Aghasibeig, 2010).

**Mature Consumers**

According to an analysis of world population statistics by the United Nations, older adults will outnumber the young by 2050 (Sudbury & Simcock, 2009). Those over 65 years of age in the U.S. are expected to double by year 2030 (Moschis et al., 1997). Older adults in more developed regions are getting healthier, wealthier, and living longer (Sudbury & Simcock, 2009). They also control more than half the assets and discretionary income in the US (Moschis et al., 1997). In the United Kingdom, those between the ages of 50 and 64 years old spend twice the amount than other age groups on products such as automobiles, foreign vacations, and recreation and culture events (Sudbury & Simcock, 2009). Marketers should take notice of this demographic group of consumers, especially considering the lifetime value and the amount money spent by this group.

A common mistake is considering mature consumers as a homogeneous market (Moschis et al., 1997). Targeting older consumers, it is beneficial to segment this market according to lifestyles, needs, and buying habits. Researchers noted that it is important to take into account the buying power, marital status, personality traits, and health conditions in segmenting older population (Sudbury & Simcock, 2009). The authors found five clusters with distinctive differences. Marketers targeted each segment with unique product offerings, pricing strategies, and advertising and
promotional campaigns based on the different cognitive age, marital status, health and fitness, and income (Sudbury & Simcock, 2009). Three segments showed that the respondents felt younger than their actual age and were relatively energetic. Based on this, the organizations offered products and services that portrayed energetic seniors using travel services, health or golf club centers, and active sports clothing. Similarly, marketers of health care and nursery home insurance products such as funeral plans targeted mature consumers emphasizing values and perceptions of security (Sudbury & Simcock, 2009).

The mature market has also been found to have different views on credit usage and spending money. Some are more price conscious with a negative attitude about credit. Others are more liberal and like to take advantage of senior discounts. Marketers have used this information in developing pricing strategy. For example, segments that are more price conscious could be influenced by low prices and advertisement specials whereas consumers more inclined to make credit purchases could be given opportunity for credit offers. The marketing for senior discounts must match the specific target segment. If the group is cognitively young and active, the use of senior discounts would need to be include making the offer via the Internet or mail versus publically so as to undermine their youthful self-image (Sudbury & Simcock, 2009).

Gaining insights into the consumers’ cognitive age, values, attitudes, and psychographic variables can help marketers in target marketing, positioning, and advertising. Marketers should view mature consumers as multiple subcategories. Research has shown that segmenting the mature market based on age alone is not sufficient as it does not reflect the consumer behavior characteristics and preferences of the mature segment (Mathur, Lee, & Moschis, 2006). Various factors such as a person’s health, attitudes and beliefs, purchasing power, spending habits, and health conditions are also important indicators to consider in predicting consumer behavior.

**TARGETING SUBCULTURES**

A subculture is a group of people within a larger culture who share common values, beliefs, activities, and experiences that have distinctive consumer behavior and set them apart from others (Hawkins et al., 2007, p. 158; Burgh-Woodman & Brace-Govan, 2007). Examples of subcultures include ethnic subcultures: African Americans, Hispanics, Asians, Native Americans and regional subcultures. Marketers are interested in subcultures to help explain common consumption habits within the group (Burgh-Woodman & Brace-Govan, 2007).

**Ethnic Subcultures**

By 2020, 38% of the American population is expected to be from non-European ethnic groups, up from 32% in 2005 (Hawkins et al., 2007, p. 160). According to Chattaraman & Lennon (2008), Hispanics, Asian and Pacific Islanders, and African Americans account for over a 25% of the U.S. population, with expectations of substantially increase in the future.

The U.S. Bureau of Census estimates that the Hispanic population will double by year 2050, from 11.8% to 24.3% of the total U.S population. Similarly, the Asian and Pacific Islander population will increase from 4.1% in 2000 to 9.3% by 2050, this is triple of their current size. The African-American population will not grow so drastically, but will increase from 12.8% to 14.7%.

According to Hawkins et al. (2007), the faster growth rate of the ethnic population is due to higher birthrates and increase in immigration (p. 161). Immigration growth has been significant, accounting for up to a third of the U.S. population growth (Hawkins et al., 2007, p. 161). The immigrants bring with them their cultural values unique to their ethnic background.

Marketers see this as a significant opportunity to expand market share and diversify their products. Several companies have taken advantage of this population shift by introducing marketing strategies to capture the one trillion dollar buying power of these ethnic groups that is expected to rise further (Chattaraman & Lennon, 2008). Retailers such as Sears Roebuck, Kmart, Target, and Wal-Mart have all included specially designed apparel product lines for ethnic subcultures. Research on buying behavior of ethnic subcultures has shown that ethnic groups show strong correlation in their buying habits and among product lines, such as, foods, clothing, and entertainment (Chattaraman & Lennon, 2008). A person’s ethnic background is an important element of consumer behavior. However, marketers should realize that ethnic background is only one factor of the many factors of consumer behavior. Therefore, marketers should be careful not to stereotype their marketing strategy on a person’s ethnic background.

**Hispanic-American Subculture**

The Hispanic market segment is fast-growing and essential for marketers to understand. Many companies rushed to enter the Hispanic market. However, some of the marketing strategies used have been ineffective and, in some cases, insulting in heir advertising and promotional campaigns (Livingston, 1992).
The two common mistakes made by marketers marketing to Hispanics are: (1) using the same marketing campaign across market segments, and (2) viewing the Hispanic market as homogeneous (Livingston, 1992). Studies show that the Hispanic market is far from homogenous. In fact, there are over 17 different cultures within the U.S. Hispanic market (Cebrzynski, 2005).

In the Hispanic culture, traditional family values are very important (Cebrzynski, 2005). The family unit does most activities together such as shop, watch television, and partake in entertainment activities (eat out and go to movies) (Cebrzynski, 2005). Advertisements that show non-traditional families, such as single parent families, are not as effective with Hispanic consumers as those showing the family including parents, children, and perhaps grandparents (Livingston, 1992). Advertisements that portray families yield a high brand loyalty from the Hispanic market (Cebrzynski, 2005; Chattaraman & Lennon, 2008).

Livingston (1992) found that Hispanics tend to resist assimilation into the American culture by maintaining their language, culture, and traditions. Becky Arrenga, president of Mercury Mambo, a Hispanic marketing agency in Austin, Texas comments, “When possible, marketers should avoid direct translations of general market campaigns, because they often lack relevance and can be subject to translation problems” (Cebrzynski, 2005). A well-known mistake made by General Motors in the 1980s was their introduction of the Chevrolet Nova to the Hispanic market. Translated in Spanish, Nova meant “it doesn’t go” (Livingston, 1992). Obviously, the campaign was a failure.

Another mistake marketers make when targeting Hispanics is to treat the group as homogeneous. The Hispanic community consists of 17-20 Spanish-speaking nationalities, many with different holidays, cultural nuances, traditions, and values. Within the Spanish language, individual words and phrases have different meanings, which if not known, could cause poor translations. For instance, the instant orange juice drink, Tang, translated correctly as *jugo de china* to the Puerto Rico market. However, for other Hispanics this translation was incorrect and the correct translation should have been *jugo de naranja* (Livingston, 1992).

**Regional Subcultures**

Marketers may use regional segmentation to cater to regional subcultures. For example, TGIF Friday’s restaurant chain customizes its menu based on geographical areas to feature distinctive food items for the different regions, such as fried chicken in the South and baked cheese dishes in the upper Midwest (Hawkins et al., 2007, p. 186). Other examples of significant consumer behavior based on regional marketing include: tennis products and laptops in the West, imported wine and *Gourmet* products in the North, country music records, Domino’s pizza in the South, and the magazine *Outdoor Life* and retailer Eddie Bauer in the North Central region (Hawkins et al., 2007, p. 186).

**CONCLUSION**

Market segmentation helps marketers create a marketing strategy that offers a unique marketing mix to create a competitive advantage, profit revenue, and customer satisfaction (Hawkins et al., 2007; Leuser & Washburn, 2009). Before segmenting a market, a marketer should understand consumer buying behavior and the buying decision process. Implementation and evaluation of market segmentation has barriers which require a marketer to establish a solid market segmentation strategy. Although developing the segmentation and marketing strategy are critical to marketing success, these are not sufficient unless marketers continue to monitor and evaluate the performance of the segments.

Marketers may segment their markets by using demographic, psychographic, and sought-after benefit segmentation. Research indicates that it is helpful to consider more than one way to segment the market. In response to recent population and market trends, marketers should use strategies to take advantage of lucrative and growing markets such as Generation Y, mature consumers, and various subcultures, including ethnic groups and geographical subcultures.

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ABSTRACT

While ethnicity segments have been explored independently (assimilation, biculturalism, and monocultural ethnicity), few studies have explored consumption differences across segments within one ethnic group. This study explores food consumption across four segments within one ethnicity, specifically finding that biculturals exhibit patterns of both host and ethnic food consumption.

INTRODUCTION

Contemporary culture in developed nations is increasingly multiethnic and complex with overlapping boundaries and loyalties (Cohen 1978; Padilla 2006). Ethnic groups in developed nations continue to grow, with 80% of persons claiming ancestry from one of 136 ethnicities housed in the United States alone (Census 2000). Culture connects people at multiple levels (material, ideological, and normative), reflects a group’s worldview, and impacts attitudes and behavior (McCracken 1989). As cultures continue to change, overlap, and divide, there are numerous implications for consumption and marketing targeting strategies. Consumer behavior literature has acknowledged that culture, both dominant and ethnic subculture, is an important influence impacting consumption (Penaloza and Gilly 1999).

Ethnicity has been shown to positively impact the rate of adoption of new products, level of information seeking, consumption information transfer, situational ethnic consumption, ethnic advertising effectiveness, ethnic food consumption, and ethnic entertainment (Hirschman 1981; Laroche, Kim, and Tomiuk 1998; Wallendorf and Reilly 1983) and an internal (emic) assessment of strength of identification (Hirschman 1981; Stayman and Deshpande 1989). These external and internal elements are identifiers used to determine inclusion in a distinctive group, allowing for both self identification and identification by others (Hui and Kim 1997). Ethnicity, then, encompasses not only a membership group (Bourne 1956), but also a person’s feelings about his/her heritage (Deshpande, Hoyer, and Donthu 1986).

Traditionally viewed as a uni-dimensional model, the acculturation process assumed mutual exclusivity of ethnic and host cultures. In this “linear bipolar model,” individuals lose features of their ethnicity as they take on features of the host culture, eventually assimilating into the dominant culture (Gans 1979; Gordon 1964). However, as early as 1924 it was postulated that although immigrants would become “Americanized” over time, they would also retain much of their distinctive cultural heritage (Kallen 1924), specifically in multicultural or multiethnic dominant cultures (Szapocznik and Kurtines 1980).

Since acculturation is a process with multiple, independent dimensions (Berry et al. 2006, pg. 305;
Phinney 1992), assimilation to the host culture and retention of the ethnic culture happen simultaneously. However, strength of identification with either culture varies among individuals such that segments within an ethnic sample may include assimilators, separatists, marginalizers, and integrators (Berry et al. 2006). Assimilators adopt the host culture and abandon the ethnic culture, separatists do the opposite by maintaining the ethnic culture and shunning the host, marginalizers identify with and maintain neither of the two cultures, and integrators maintain and blend both cultures. In understanding that ethnic groups are not homogenous, marketers can gain a better understanding of differences in consumption patterns and preferences across groups.

H1: Members of one ethnic group will show varying levels of identification with both the ethnic and host cultures.

Defined as “an individual’s sense of self within an ethnic group, and the attitudes and behaviors associated with that sense” (Xu et al. 2004, pg. 94), ethnic identity consists of two parts: a sense of self (identity) and an outcome (attitude and/or behavior). Thus, an individual’s ethnic identity impacts or is reflected in his/her consumption. Research in ethnic consumption has shown ethnicity as a factor in favorable evaluations of ethnic advertising (Forehand and Deshpande 2001), increased willingness to adopt new products and provide consumption information to others (Hirschman 1981), a shift in ethnic- and host-oriented consumption based on situations (Stayman and Deshpande 1989), and a shifting between cultural norms when language is “cued” (Briley, Morris, and Simonson 2005).

Recent studies have begun to distinguish not only host and ethnic behavior differences, but also differences among segments within an ethnic group. Loraine G. Lau-Gesk (2003) explores responses to persuasion appeals among two types of biculturals (integrators and alternators). Integrators blend the two cultures and respond favorably to dual-focused persuasion appeals, while alternators compartmentalize the cultures and more readily shift between two single-focused appeals. While focusing solely on differentiating the bicultural segment through comparison with the two primary monocultural groups (ethnics in country of origin and host nationals in host country), Lau-Gesk is one of few to examine differences across ethnic subsegments. While overall ethnicity is an important factor impacting attitudes and consumption (Hirschman 1981; Stayman and Deshpande 1989), consumption differences across segments within an ethnic group are expected based on self-ascribed ethnic identification. Thus, variation in consumption is expected across the ethnic identity segments.

H2a: Participants with high ethnic and low host identification will exhibit ethnic food consumption patterns.

H2b: Participants with low ethnic and high host identification will exhibit host food consumption patterns.

Specific differences in consumption can be expected with respect to biculturals, those who identify with two cultures simultaneously (Gomez and Fassinger 1994). Biculturals adapt to and are comfortable with two cultural frames (Briley et al. 2005), thus they are most likely to exhibit consumption in line with both cultures.

H2c: Participants with high ethnic and high host identification will exhibit both ethnic and host food consumption patterns.

METHODOLOGY

The current study collected a real world sample of 175 Romanians living in the United States through an online survey placed on cultural and religious websites as well as phone interviews conducted by two persons of Romanian origin. Since language choice is an indicator of a person’s ethnic identity (Laroche et al. 2005), the survey was offered in both English and Romanian. One Romanian national translated the survey from English to Romanian, while another cross-examined both surveys to ensure comparability.

The Romanian population in the United States is unique in that it is a geographically dispersed ethnic group held together by ethnic organizations (cultural and religious). This structure differs from the large ethnic groups (Asian, Hispanic, etc), which are found in geographic communities, but is representative of the majority of ethnic groups (Hungarian, Finish, etc) found in the United States. As such, the Romanian ethnic group gives insight into the varying segments of ethnicity by identifying persons who choose to maintain differing levels of ethnic identity by choice rather than geographic necessity.

Procedure

A link was posted on Romanian cultural and religious sites. Participants were introduced to the survey and, after indicating language preference, were directed to the appropriate survey. The ethnic identity construct used and adapted measures from Valencia’s (1985)
Hispanicness scale and Singh’s (1998) ethnic association scale. An eight-item scale ($r = .78$) measured Romanian Identity (RI) and a similar eight-item scale ($r = .77$) measured American Identity (AI). Four consumption items ($r = .72$) were created to explore differences in food consumption (eating out, use of prepared foods, eating at home, food from scratch). All items (Table 1) were measured on 7-point scales, where 1 = strongly disagree and 7 = strongly agree. Of the 175 total survey hits, 126 completed the entire survey (71%) and were used to analyze final results.

Demographics

Participant age ranged from 14 to 84 years of age, 57.5% of which were age 26 and older. Twenty participants took the survey in Romanian, while the remainder chose to take the survey in English. A majority (71%) of participants were born in Romania, 24% were born in the United States, and 5% were born in other countries. Of the 104 participants who chose to respond to the demographic questions, 68% percent have lived in the United States at least fifteen years, 64% were female, 58% have completed college or
Table 2. ANOVA Results for Food Consumption

<table>
<thead>
<tr>
<th></th>
<th>Marginalizers (1)</th>
<th>Ethiocs (2)</th>
<th>Assimilators (3)</th>
<th>Biculturals (4)</th>
<th>F-statistic</th>
<th>Sig.</th>
<th>Post Hoc**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Food Consumption*</td>
<td>4.02</td>
<td>1.60</td>
<td>3.19</td>
<td>2.51</td>
<td>6.71</td>
<td>0.001</td>
<td>(1,2) (1,4) (2,3) (2,4)</td>
</tr>
<tr>
<td>Item 1: Eat/Order Out</td>
<td>5.25</td>
<td>1.73</td>
<td>4.25</td>
<td>3.75</td>
<td>7.18</td>
<td>0.000</td>
<td>(1,2) (2,3) (2,4)</td>
</tr>
<tr>
<td>Item 2: Eat Homemade Food</td>
<td>4.25</td>
<td>6.80</td>
<td>4.75</td>
<td>5.96</td>
<td>6.40</td>
<td>0.001</td>
<td>(1,2) (1,4) (2,3)</td>
</tr>
<tr>
<td>Item 3: Frozen/Prepared Food</td>
<td>3.50</td>
<td>2.13</td>
<td>2.50</td>
<td>2.50</td>
<td>67</td>
<td>0.57</td>
<td>--</td>
</tr>
<tr>
<td>Item 4: Eat Food from Scratch</td>
<td>5.33</td>
<td>6.67</td>
<td>5.25</td>
<td>6.25</td>
<td>3.18</td>
<td>0.03</td>
<td>(2,3)***</td>
</tr>
</tbody>
</table>

*Items 2 and 4 reverse scored to create an aggregate food consumption variable with all items in the same direction
**Tukey post hoc analyses, significant at .05
***Trend toward significance found

RESULTS

The first hypothesis predicted variation of ethnic identification across segments within one ethnic group. Literature suggests the presence of four segments within an ethnic group (Berry et al. 2006). To explore the first hypothesis, ethnic identity was measured on two 10-item scales representing the two cultural dimensions: Romanian Identity (RI) and American Identity (AI). The scales were split at 4 (neutral) such that scores 1 to 3 = low identity and 5 to 7 = high identity.

Segments were determined based on the literature’s definitions of each category. Thus, participants with a low association with one culture (scores 1 through 3) and a low or neutral association with the other culture (scores 1 through 4) were categorized as Marginalizers, persons maintaining neither culture. Participants with a high association with one culture (scores 5 through 7) and a high or neutral association with the other culture (scores 4 through 7)2 were categorized as Biculturals, persons maintaining both cultures to some degree. Participants with high RI (scores 5 through 7) and low AI (scores 1 through 3) were categorized as Ethiocs, persons maintaining only the ethnic culture and separating from the host culture. Finally, participants with high AI (scores 5 through 7) and low RI (scores 1 through 3) were categorized as Assimilators, persons maintaining only the host culture and abandoning the ethnic culture. By using the literature as a gauge, four self-ascribed segments emerged: ethnics (n = 32), assimilators (n = 13), marginalizers (n = 14), and biculturals (n = 67). Variation in cultural identification was indeed found within one ethnic group, supporting H1.

Hypothesis two explored variation in consumption across ethnic identity segments. An ANOVA revealed overall differences across segments (F(3, 50) = 6.7, p < .01), while post hoc analysis revealed that the primary points of difference were between a) ethnics and all other identity segments and b) marginalizers and biculturals (Table 2). Further analysis explored differences at the item level, finding differences across three of the four items: “I tend to eat or order out” (F(3, 50) = 7.18, p < .001), “I do not eat homemade food at home” (F(3, 50) = 6.40, p < .01), and “I do not eat food made from scratch/fresh ingredients” (F(3, 49) = 3.18, p < .05).

Specifically, assimilators exhibited host culture consumption patterns (eating out) and ethnics exhibited ethnic culture consumption patterns (eating homemade food and eating food made from scratch). Thus, there is variation in food consumption across segments, supporting H2a and H2b.

Perhaps the most interesting finding is that biculturals are most similar to assimilators with regard to eating out, but most similar to ethnics with regard to eating homemade food at home (Table 2), exhibiting

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2 A “neutral” score (4) could be considered “indifferent” or “ambivalent/conflicted” (Priester and Petty 1996). As such, neutrality was assumed when the other cultural identity was low (marginalizer categorization), while ambivalence was assumed when the other cultural identity was high (bicultural categorization).
both ethnic and host consumption patterns. This supports H2c and echoes past literature suggesting the dual-culture identity of biculturals and their ability to operate comfortably in two cultural frames.

**DISCUSSION**

This study sought to disaggregate ethnicity and conduct an initial exploration of the variations in food consumption among ethnic segments. Findings support acculturation along two separate dimensions (Berry et al. 2006), discovering variations in ethnic identity that result in four segments (ethnics, assimilators, marginalizers, and biculturals) that vary in food consumption. Ethnics differ from other segments to a greater extent, supporting literature stating that separatists refuse to adopt the host culture and create a pocket of ethnicity within which they operate. Marketers should consider that within an ethnic group, ethnics/separatists may not be reached by the same means as the other segments. Of greatest interest, biculturals show evidence of adaptation to both cultures. This group consumes both in the host country pattern (eating out) and the ethnic culture pattern (homemade food at home), supporting a dual-culture identity viewpoint. Marketers may wish to explore this group's ability to act as a "liaison" connecting mainstream marketing to ethnic culture pockets.

Further research should explore the possibility of reaching ethnics through biculturals. Additionally, future research should consider distinguishing between different types of biculturals by using the theory of ambivalence or internal conflict (Priester and Petty 1996). Are alternators (Lau-Gesk 2003) more ambivalent than integrators?

This study was limited in that it considered only one ethnic group, explored only a sector of food consumption, and could not ensure that participants answered all questions (allowing for some missing data). Future research into the differences between ethnic segments, even across ethnicities, will prove valuable to marketers creating multi-ethnic targeting strategies.

**REFERENCES**


Laroche, Michael, Chankon Kim, Marc A. Tomiuk, and Deny Belisle (2005), "Similarities in Italian and..."


THE OPPORTUNITIES OF TECHNOLOGY IN A MARKETING CLASS OR LEARNING WITH YOUR STUDENTS

Paul M Lane, Grand Valley State University

ABSTRACT

The author was asked to take on a new graduate class in marketing which was a combination of a foundation class and a more advanced graduate class. This was itself a challenge, add thirty very bright and busy students and you really have a challenge. What opportunities did technology provide?

BLACKBOARD

As a passionate but simple user of Blackboard for many years this seemed the logical place to start. Over the last decade several major things have been learned about using Blackboard in the classroom. Open the class early 4-6 weeks and let the students have a chance to adjust their expectations to what you plan for the class. Also give them a chance for input. It may sound crazy and colleagues often worry that you are giving the syllabus over to the students which might have merits but that is not the case. Students have been very responsible editors, and have made comments about how to do things that have really improved courses in many ways such as to much work at the back end, the assignment is not really clear, where is the grading rubric, could we do something different we have done that in the last four classes in this program and so forth? Most of all the student feels that they have had the opportunity to help design the product or service that they will receive.

There are so many options that come with Blackboard and they are great fun to play with. Students have been patient as experiments have been run on all kinds of fronts from IM, to VOIP systems, sorting everything into many different locations and so forth. The graduate students are busy people and they want to find their work and know what they are supposed to do next. Consistently they keep pointing in the direction of putting everything in a linear calendar order on the Discussion Board where all can find it quickly. It is not that that you should not use other buttons but that they should be referred to and be really useful in the assignments. Some examples of buttons that are used often would be the External Information to post Web sites that could be useful to students in the course or at any time in their careers. Another is course information where the last weeks or given lecture organizations are posted. This is not a content thing as much as these are the interactive exercises that were done in class that day.

The potential to create buttons on Blackboard is a great tool. A favorite is a permanent “Begin Here,” button so that students who log on for the first time get a welcome greeting and your philosophy of teaching and learning as well as directions on how to use the site. This has freed up the announcements page for much more useful stuff of the week such as community and university events that students may be interested in.

What would you find on Blackboard if you were a student and logged on before the semester? You would find a Begin Here Button described above which would point you to the Discussion Board.

The Discussion Board is headed by what Blackboard calls a Forum in the form of a coffee shop with some kind of fun name. Often in the summer it is the back deck, and in the winter is the ski lodge etc. The trick here is to be age and season appropriate depending on who will be in the class. Here you as professor can start by asking several friendly questions to get the students started in discussion and hopefully to know one another. For example what do you like to do in this part of the world in the fall? People like to share who and what they are about. It turned out that about 1/3 of the graduate class was into cider and donuts with their families which lead to the class having a cider and donut night at class – their like, their input, and all the professor had to do was ask when and they led the whole project, which then led to about three other wonderful break events relevant to marketing. One of them was, “cereal night,” which offered a great chance to take a look at how products are different for different segments. If you will get on
the coffee shop once in a while you can keep it very much alive and fun. If you choose to ignore and do not refer to it at the beginning of class it will die as students like all others value their time and their comments.

The Second Forum created usually has to do with course information and includes all the university, college, and departmental policies that you are suppose to put into your syllabus. Most importantly it includes a tentative class schedule so that students can see what is likely to be happening in the class. This is not detailed but big themes such introduction, segmentation exercises the meaning of marketing, and so forth. It is a really important forum to include but may sit idle a lot of the term.

The remaining forums in chronological order represent the assignments for the entire semester. In the case of this new graduate class it included the following.

ASSIGNMENTS

An introduction assignment expected the first day of class where you are writing to the class as customers and talking about yourself and your interest in marketing. This is a powerful assignment for a professor as you quickly learn their background and knowledge level. Since they are required to comment on one another you do not have to spend the first hour of class going through tedious introductions. Remember many of them know each other as they have taken classes before. If you want them to know each other better try using name tags. This time this assignment was called “You the Who and a Running Start.” Students made something like 168 separate entries from a class of thirty before class started giving you an idea of the activity level and hopefully the excitement. Graduate students seem to be more active than undergraduate students.

The second assignment was an in class idea pitch. Increasingly in this busy world everyone needs to know how to get attention for their ideas rapidly and efficiently. The assignment was posted on Blackboard but took place in class and turned out to be really educational and fun. Many students had not thought about getting to the basic needs and to ask for what was needed next. It is a reminder that marketing can occur in the simplest of situations and that everyone may need to be ready to promote their ideas.

The third assignment was a pricing assignment where students were expected to pick a type of product and find the lowest priced one that they could find on the market and the highest priced ones. The discussion in class revolved around how you get the higher prices. What types of strategies allow you to get the higher prices? Many people posted what they found online for all to see even though that was not a requirement. It is very interesting that in today’s electronic world if you give students a place to put something electronically how many of them will use that place. How much more would students give you if they knew where to put it all the time?

The fourth assignment which was the second written one was really fun it was called two weeks, two people, two hours, and was suppose to be all you can find on a geographic area in two hours on the computer. They are given a scenario that their boss has been at a meeting and is considering a new geographic area for entry. They have a free lunch and can cancel one other meeting in that day to get two hours. They have a previously scheduled meeting with their boss at the end of the day and here is a chance to either compliment the choice or raise some issues. Students seem to love the reality and the applicability of this assignment and it moves fast for them. Here again there were over 125 entries in a class of thirty people.

Marketing Review was the fifth assignment is a basic situation analysis of an organization of the student’s choice. Great idea to get the students involved but a great deal of work to grade. The grad students who by this time are very excited did an excellent job. The basic assignment 1/3 of the way through the course was taken from the old threshold requirement. It is very interesting that in today’s electronic world if you give students a place to put something electronically how many of them will use that place. How much more would students give you if they knew where to put it all the time?

The Design assignment is an interesting one. One of the class presenters as worked a lot with designs schools internationally so students are asked to bring in...
a design that they like. Again many post them as well. This provides a chance for students to vote on designs and to see the differences between what they might like in design and what they have in their homes and lives. Grad students always seem interested in the role of design in the product as a whole.

The on Your Own Assignment is an assignment that Graduate students can customize. They have to submit an idea of something that they would like to attend relevant to marketing at the school, in the community, through work, or something on the web such as a webinar. Maybe a year ago the first student did a Webinar for class this year it is about 1/3 of the graduate class. The idea is to get outsiders thinking and different perspective, as in the case of the individualized book reviews.

**Team Project One.** Student project one is done in professor chosen teams. One thing that you establish if you rotate teams every week it does not seem to be a problem to assign teams for a project. This is a team look at real organizations and some market problem usually focused on the marketing mix for different segments. The students get a lot of time to work in class and are encouraged to bring and use all the technology that they can in that class room. In the classroom the professor makes the rounds pushing the teams further and further.

The final project is the second team project and is aimed at allowing students to choose the areas that they are most interested. The job of the professor then becomes to find great projects that match their interest. Technology again plays a big role as they post what they are interested in and change their post until they are somewhat sorted out. The professor is left with minor shuffling but it works. Topics of interest in the fall of 2010: Social Media, Health Marketing, Advertising Promotion, Food Marketing, Product Differentiation.

**USE ANNOUNCEMENTS**

One of the biggest things that you can do for your students is to learn to use the announcements page to keep the students up to date. If you will be very conscientious about this you will find that students will turn to this location for information on a regular basis. Students deserve to know what you think about what has happened and what you are planning to have happen. Often if there have been class presentations a general announcement about what you thought about will help the students see how you think about it in terms of Marketing terms. You need to remember that today your students are use to getting quick pieces of information. Students are less likely to be able to pick up next week today then they were 20 years ago. In this century you need to try new ways to communicate your business.

Another great use of the announcements page is to share with your students your situation. If you are going to be attending a meeting and might be late to class or come running in close to the start of class let your students know. Students respond well and will do the same for you. They will share when they might be late, or even if they are likely to be late. This business of keeping your customers informed is not only good for your class but it is also demonstrating what you are probably covering in your course material.

If there is a chance that you will miss class due to illness, travel etc. Be honest with your students and tell them when you will post the notice. Do not make your students drive 40 minutes in the snow to get to a classroom to find a note that you have the flu. Once your post the note the informal network of text and calls will pass the word very quickly and only a few will arrive in class. If you do decide you can hold class they will appreciate having had the information ask about your health or plane. Most important they will start to extend the same courtesy to you.

One other use for announcements is let students in to your life. They do not need to know lots of details but when you travel try closing the post with the city you are visiting. They like to know what you are doing. But when you travel try closing the post with the city you are visiting. They like to know what you are doing. Students also enjoy knowing that you cooked for the scouts, coached your daughters soccer league, ran your organization of faith’s bazaar, or that you played with your grandchild. They want to know in this high tech world that you are real without too much detail and they will reward you with the same.

**GRADE ON BLACKBOARD**

What is meant by grading Blackboard? Give up the addiction to paper and do it all virtually. You can download their papers use track changes to interact and hold your grade for the grade book. In other words put your discussion of every paper on line so everyone can learn as much as they want too. If a student is having a problem they can then read through several papers and really learn a lot. They can do this at a time convenient to themselves and not have to take your time and try and find you in your office. How would you like to avoid all those questions on what can I to do better?

Another big factor here is that everything is saved on the servers either at the university at Blackboard there is no need to keep papers in your office or break your back hauling them around. Would you like to lighten your load? Would you like to improve your own health? Just envision how much easier this will be for you? There are those of you who are committed to
grading on paper and you have the potential to keep printing out but you still have them preserved.

*Use the Blackboard Grade Book.* Make your life easier put the grades in the Blackboard Grade Book. No more grade questions at the end of the term. Experience has taught that if students know that they can see grades at any time, they will look and check and ask questions along the way. This eliminates the mystery at the end. Boldly place zeros where students have turned in nothing and give them a limited amount of time. You will find that the zero will get more reactions then all the talking you can do. For some reason it seems to wake them all.

It is best if you set up the whole grade book at the beginning of the term so that students can see all the assignments on the grade book. Your students will get the idea very quickly and more realistically. For grad students any time saving games such as keeping grades etc. Today’s students trust technology which more than professors. So the fact that you have the grade book on BB works with their culture.

You two can be paperless – many of your students will like this. You can run the whole course without paper. Why hand out a syllabus when your students are techn enthusiasts. They will post papers from their phones as well as computers. Grad students will use Gogo and other in flight services to be on line with the class as they fly around the country or the world. If they know they can trust the class site to have it all why will they need paper? Whether you like it or not increasing numbers of them are getting their books electronically.

If you are not on some software like BB you need to get moving as the world is changing fast.

**Computers**

Embrace the computers in your classroom. For example in the graduate marketing class it is assumed that there will be a couple of laptops or smart phones in each group each week. Yes groups are arbitrarily changed from week to week so the students all get to know each other. Group assignments assume that they will use the computers that they have brought to class. Why lecture on Demographics, lifestyles or product lifecycles when you can develop exercises that students can do in class. Who among you wants to sit through another power point? Students today have access to so much information your job should be to facilitate learning how to use it. No longer is it necessary to memorize tons of stuff; instead it is necessary to learn how to use all that is at their finger tips.

**Smart Phones**

Give you students your cell phone number. Get over the idea that they are going to bug you. Honestly they have 500 Face book friends and receive one hundred texts a day why do they want communicate with you? They will only contact you when they really need help.

Use these tools to get information. The smart phone allows students both access to the internet to and everyone on their contact list. What are you going to use the contact list? Why not when you pose questions in class and turn students loose. Your students need to learn that they can get information even during class time that is relevant to the problem or case you are discussing.

**TECHNOLOGY CAN MAKE YOUR IMPACT GREATER.**

Yes, it is time to change from slow lectures and traditional lectures to using technology to make the total class experience more powerful. Software like Blackboard permits you to get rid of all the class time lost on, “administrivia,” as that can be handled via the technology. No longer spend an hour the first night reviewing the class as your students will have looked at it and you only need to point out where it is and then move on to some exciting interactive activity.

Technology can be integrated into your class activities so that students are dealing with real information. Why let them get away with saying middle income, why not demand that someone check on line and for the community being considered define what middle income is. Technology can make your class activities more relevant and more applicable. When your students finish y our class don’t you want them to be leaders in meetings and in their corporations as someone who knows how to make fact based marketing decisions.

Technology can help your evaluations. Yes you have students who thrive on technology and they are not interested in the history of the 20th century. They want to learn about the future using the technologies of today. For those in marketing it is our job to study, know and observe and shape the future. This includes using the technology of the future.

You will have more fun. Let your students show you how to do things. Given a little freedom they will show you many interesting things that you may not have thought of. Every class there is something to learn when you encourage them to learn you with the most
current technologies. They will bring websites, videos, YouTube, webinars, and much more to your class and its website.

The opportunity is there for each of you to learn more with your students as they grow and learn about marketing.
HOW BUSINESS FACULTY USE
POWERPOINT SLIDES AND QUIZZES

Kenneth P. Clow, University of Louisiana Monroe
Laurie A. Babin, University of Louisiana Monroe
Donald P. Roy, Middle Tennessee State University
Claire Allison Stammerjohan, University of Louisiana Monroe

ABSTRACT

Textbook publishers offer a number of add-ons to enhance the attractiveness of textbooks for faculty. This study examines two specific types of supplements: PowerPoint slides and quiz/test banks. Results suggest that although their effects on performance are doubtful, business faculty tend to believe publisher-provided PowerPoint slides are valuable resources. About one third of faculty use publisher-provided test banks to quiz students on chapter material.

INTRODUCTION

Most instructors at colleges and universities still require students to purchase a textbook for their classes, despite the fact that the average cost of a new college textbook was $102 in 2004 (Carbaugh and Ghosh 2005) and anecdotal evidence suggests that that average might have reached $150. The College Board reported that college students pay textbook bills of $800-$900 per year (College Board, 2004), but again, students report spending most of that in a single semester. In 2006, the U.S. Government Accountability Office (GAO) found that prices of college textbooks increased 6% per year between 1986 and 2006, which was twice the inflation rate for that period (U.S. GAO, 2006). The report concluded that the foremost reason was the increase in investments publishers make to provide instructional supplements for instructors.

One major instructional supplement is a set of PowerPoint slides, normally in several versions, and another is a test bank. The purpose of this study is to examine faculty use of these two types of supplements. Several studies have examined the use of ancillary materials, such as PowerPoint (D’Angelo and Wooley 2007) and test-bank quizzes (Johnson and Kiviniemi 2009), but only a few studies have been done in Colleges of Businesses (e.g. James, Burke and Hutchins 2006; Debevec, Shih, and Kashyap 2006; Frank, Shaw, & Wilson 2008-9). Student perceptions of various textbook supplements and their usefulness have been examined (e.g. Huon, Spehar, Adam, and Rifkin, 2007; Gupta, White, and Walmsley 2004). For example, Clarke, Flaherty, and Mottner (2001) examined the relationship between marketing students’ perceived importance of fourteen educational technology tools and perceived outcomes, such as perceptions of overall learning, ability to get a job, and expected performance on the job. One of the educational technology tools related to this study was online lecture outlines, including PowerPoint lecture outlines. Clarke et al. (2001) found PowerPoint lecture outlines to positively influence students’ perceived outcomes.

In terms of student perceptions of PowerPoint, Atkins-Sayre, Hopkins, and Mohundro (1998) found that students believe PPT slides maintain their interest and enhances their understanding and recall of information. In comparing the effectiveness of PowerPoint to plain overheads, a study by Bartsch and Cobern (2003) indicated students perceived they learned more with lectures enhanced by PowerPoint. The same study also found that students scored better on exams with the use of the basic PPT rather than the enhanced version of PPT with additional visual and video materials embedded. Another study examined instructional technologies and found that PowerPoint presentations were significantly related to pedagogical affect but not to perceived learning performance or course grade among marketing students (Young, Klemz, and Murphy, 2003). These slightly different results encourage further study.

Faculty are quite interested in effects of PowerPoint slides on student learning, but need to be convinced. The results are mixed. For PowerPoint, several studies show poor (e.g. Yilmazel-Sahin 2009; Weatherly, Grabe, and Arthur, 2002-2003) or, at best, no enhanced results for the use of slides (e.g. Gurung 2003, Frank, Shaw & Wilson 2008-9). Because of Blackboard and Web CT, many instructors now post their PowerPoint slides online and as a result there has been fear that posting the PPT reduces the need for class attendance. Frey and Birnbaum (2002) found that attendance in classes that posted the PPT slides was down by 15%. Szabo and Hastings (2000) however,
found just the opposite. Using and posting the slides increased attendance and students overwhelmingly stated that the slides helped them study and take notes. Debevec, Shih, and Kashyap (2006), did not find that students attended less, rather they incorporated technology including PowerPoint slides into their study routine. The dual methods seemed to produce good results for some groups of students but not others. Students who ranked both traditional and technology methods highly did seem to attend less, with the result of poorer performance. The study by James, Burke, and Hutchins (2006) was one of the few that examined students within a College of Business. The findings of their research also are a good summary of the various studies that have been performed in the past. The primary findings of their study are:

- Students have a significantly less favorable perception of the benefit of using PowerPoint slides on cognitive learning than do professors.
- Students believe posting slides on the Internet will decrease class attendance, while professors believe it does not have a negative impact on class attendance.
- Both students and professors believe PowerPoint slides has a positive impact on taking of notes and studying for exams and quizzes.

Similarly, in a college of business context, Frank, Shaw and Wilson (2008–9) did not find that students viewed lecture slides as an alternative to class attendance.

The previous research on the use of chapter quizzes over textbook material is also mixed. While studies found some positive results from quizzes (Johnson and Kiviniemi 2009; Ryan 2006), taking chapter quizzes did not always improve exam performance: sometimes it depended on teaching or study strategies or other student characteristics (Souza and Bingham 2005-6; Ryan 2006; Gurung 2003; Brothen and Wambach 2001). Brothen and Wambach (2001) concluded that students were using computerized quizzes to learn the material in lieu of reading and studying the textbook. In Ryan’s (2006) study chapter quizzes were given at the beginning of class. The impact was increased attendance and punctuality, but it did not result in better grades on the exams.

Because PowerPoint slides and quizzes are now routinely provided by textbook publishers, many professors use them and post them online. While previous studies have examined the impact of these aids in exam performance, this study proposes to examine their usage from the faculty perspective in college of business courses.

THE STUDY

Data were collected through online surveys. Emails were sent 13,890 college or university professors of Business. A total of 688 faculty teaching in a variety of disciplines responded (4.95% response rate). Table 1 provides information on how many surveys were collected from each faculty discipline. The largest percentage of responses came from accounting faculty, 29.2%. Marketing faculty comprised 25.1% of the sample and management faculty accounted for 17.4%. The remaining questionnaires came from business law, economics, finance, entrepreneurship, CIS, quantitative methods, or other disciplines.

<table>
<thead>
<tr>
<th>Course/Discipline</th>
<th>Frequency</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>200</td>
<td>29.2%</td>
</tr>
<tr>
<td>Business Law</td>
<td>13</td>
<td>1.9%</td>
</tr>
<tr>
<td>Computer Information Systems</td>
<td>43</td>
<td>6.3%</td>
</tr>
<tr>
<td>Economics</td>
<td>50</td>
<td>7.3%</td>
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<td>Entrepreneurship</td>
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</tr>
<tr>
<td>Finance</td>
<td>41</td>
<td>6.0%</td>
</tr>
<tr>
<td>Management</td>
<td>120</td>
<td>17.4%</td>
</tr>
<tr>
<td>Marketing</td>
<td>173</td>
<td>25.1%</td>
</tr>
<tr>
<td>Quantitative Methods</td>
<td>27</td>
<td>3.9%</td>
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<tr>
<td>Other</td>
<td>11</td>
<td>1.6%</td>
</tr>
<tr>
<td>Total</td>
<td>685</td>
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</tr>
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</table>

Table 2 provides a breakdown of the course level. The highest percentage of faculty taught at the junior level (39.6%), followed by faculty teaching at the senior level (24.9%). About equal numbers of responding faculty taught at the sophomore (17.6%) and graduate level (13.8%). Only a few responding faculty taught at the freshman level (4.1%).

<table>
<thead>
<tr>
<th>Level</th>
<th>Frequency</th>
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<tbody>
<tr>
<td>Freshman</td>
<td>28</td>
<td>4.1%</td>
</tr>
<tr>
<td>Sophomore</td>
<td>121</td>
<td>17.6%</td>
</tr>
<tr>
<td>Junior</td>
<td>272</td>
<td>39.6%</td>
</tr>
<tr>
<td>Senior</td>
<td>171</td>
<td>24.9%</td>
</tr>
<tr>
<td>Graduate</td>
<td>95</td>
<td>13.8%</td>
</tr>
</tbody>
</table>

Table 2 provides a breakdown of the course level. The highest percentage of faculty taught at the junior level (39.6%), followed by faculty teaching at the senior level (24.9%). About equal numbers of responding faculty taught at the sophomore (17.6%) and graduate level (13.8%). Only a few responding faculty taught at the freshman level (4.1%).

Table 3 provides the demographic profile of the faculty sample. Consistent with overall demographics of business faculty, females made up only 35.3% of the sample, compared with 64.7% males. Almost half 42.8% had been teaching more than 20 years. Another 49.7% had been teaching 6-20 years, and only 7.5% had been teaching 5 years or less. Thus, our sample is primarily experienced instructors. Thirty-four percent
of faculty held the rank of full professors, unsurprising, considering the length of teaching experience described earlier. Associate professors accounted for 32.0% of the sample and assistant professors made up 20.7% of the sample. Instructors comprised only 13.0% of the sample. This distribution seems able to represent the spectrum of faculty rankings. In terms of the size of school where the faculty taught, the distribution was relatively flat: the largest category of schools represented was those over 20,000 students, but that percentage was 26.2% versus the smallest percentage, schools 15,000-19,999, at 14.1%.

Table 3. Sample Characteristics

<table>
<thead>
<tr>
<th>Demographic Variable</th>
<th>Classification</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Female</td>
<td>35.3%</td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>64.7%</td>
</tr>
<tr>
<td>Current Rank</td>
<td>Lecturer or Instructor</td>
<td>13.0%</td>
</tr>
<tr>
<td></td>
<td>Assistant Professor</td>
<td>20.7%</td>
</tr>
<tr>
<td></td>
<td>Associate Professor</td>
<td>32.0%</td>
</tr>
<tr>
<td></td>
<td>Full Professor</td>
<td>34.3%</td>
</tr>
<tr>
<td>Years Teaching</td>
<td>5 years or less</td>
<td>7.5%</td>
</tr>
<tr>
<td></td>
<td>6-10 years</td>
<td>18.0%</td>
</tr>
<tr>
<td></td>
<td>11-15 years</td>
<td>17.8%</td>
</tr>
<tr>
<td></td>
<td>16-20 years</td>
<td>13.9%</td>
</tr>
<tr>
<td></td>
<td>More than 20 years</td>
<td>42.8%</td>
</tr>
<tr>
<td>Institution Enrollment</td>
<td>Less than 5,000</td>
<td>20.6%</td>
</tr>
<tr>
<td></td>
<td>5,000-9,999</td>
<td>22.6%</td>
</tr>
<tr>
<td></td>
<td>10,000-14,999</td>
<td>16.5%</td>
</tr>
<tr>
<td></td>
<td>15,000-19,999</td>
<td>14.1%</td>
</tr>
<tr>
<td></td>
<td>20,000+</td>
<td>26.2%</td>
</tr>
</tbody>
</table>

The faculty members were asked questions about the use of publisher-provided PowerPoint slides and quizzes as teaching methods. They were asked if PowerPoint slides were used or made available in the course and then how the slides were made available. The next question asked them to rate the importance of PowerPoint slide availability using a 5-point Likert Scale. Faculty were then asked how they used the slides, as-is from the publisher, with modifications, to provide graphics or video, etc.

Three questions were asked about chapter quizzes. The first question asked faculty if they give quizzes on the chapters in the textbook. Responses ranged from a quiz on every chapter to no chapter quizzes at all. The second question asked for the sources of the chapter quiz, and the last asked how the quiz was administered.

Options ranged from online technologies such as Blackboard to taken in class on paper.

RESULTS

Asked if PowerPoint slides are used or made available in the course, 93% made the slides available in some way. Seven per cent of faculty responded that they only used the slides for lectures and did not provide them to students. Table 4 shows how the slides are made available to students. Note the percentages do not add up to 100% because some instructors make the slides available in more than one way. Approximately half (52.5%) of the professors post the slides on Blackboard or Web CT. About ten per cent (10.8%) provided the slides as handouts, and a nearly equal number provided/suggested access through the publisher’s web site. A few more (15.8%), posted the slides on their own web sites, while a few (5.1%) emailed the slides to their students.

Table 4. Access to PowerPoint Slides

<table>
<thead>
<tr>
<th>Access</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blackboard/WebCT</td>
<td>361</td>
<td>52.5%</td>
</tr>
<tr>
<td>Instructors website</td>
<td>109</td>
<td>15.8%</td>
</tr>
<tr>
<td>E-mailed to students</td>
<td>35</td>
<td>5.1%</td>
</tr>
<tr>
<td>Class lecture only</td>
<td>48</td>
<td>7.0%</td>
</tr>
<tr>
<td>Provided as handouts</td>
<td>74</td>
<td>10.8%</td>
</tr>
<tr>
<td>Publisher’s website</td>
<td>89</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

Asked how important the PowerPoint slides were to them, forty percent (40.4%) said the slides were very important and another 18.6% indicated the slides were important. However, there is a contingent who felt the slides were unimportant (8.1%) or not very important (21.7%). Table 5 lists these percentages.

Table 5. Importance of Slides

<table>
<thead>
<tr>
<th>Level of Importance</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not very important</td>
<td>147</td>
<td>21.7%</td>
</tr>
<tr>
<td>Unimportant</td>
<td>55</td>
<td>8.1%</td>
</tr>
<tr>
<td>Neutral</td>
<td>75</td>
<td>11.1%</td>
</tr>
<tr>
<td>Important</td>
<td>126</td>
<td>18.6%</td>
</tr>
<tr>
<td>Very important</td>
<td>273</td>
<td>40.4%</td>
</tr>
</tbody>
</table>

Instructors were asked what type of PowerPoint slides they used. The largest group modified the slides to fit their own presentation of materials (66.4%). Approximately 44.2% of the used the PowerPoint slides that had added materials from the publisher that was not in the textbook. Approximately 40% uses slides enhanced with videos, television ads, or interviews with professionals. The least used were slides that just present
an outline of the textbook material (38.5%) and ads with photos, ads, and visuals (31%).

Table 6. Use and Design of Slides

<table>
<thead>
<tr>
<th>Design</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modified by instructor to fit material professor presents</td>
<td>457</td>
<td>66.4%</td>
</tr>
<tr>
<td>Present an outline of material from textbook</td>
<td>263</td>
<td>38.2%</td>
</tr>
<tr>
<td>Photos, advertisements, visuals</td>
<td>213</td>
<td>31.0%</td>
</tr>
<tr>
<td>Videos, such as television ads or interviews with professionals</td>
<td>278</td>
<td>40.4%</td>
</tr>
<tr>
<td>Material added by publisher not included in textbook</td>
<td>304</td>
<td>44.2%</td>
</tr>
</tbody>
</table>

Faculty were asked how they believed students in their classes used the PowerPoint on a 5-point scale from 1='not at all' to 5='all of the time.' The highest means were for students to use the slides to review a lecture (mean = 3.88) and review chapter material (3.87). The mean for studying for exams was 3.64 and studying for quizzes was 3.15. The last option, prepare for the lecture, had a mean of 3.41

Table 7. Use of Slides

<table>
<thead>
<tr>
<th>Use</th>
<th>N</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study for exams</td>
<td>555</td>
<td>3.64</td>
</tr>
<tr>
<td>Study for quizzes</td>
<td>543</td>
<td>3.15</td>
</tr>
<tr>
<td>Review chapter material</td>
<td>552</td>
<td>3.87</td>
</tr>
<tr>
<td>Review a lecture</td>
<td>545</td>
<td>3.88</td>
</tr>
<tr>
<td>Prepare for a lecture</td>
<td>547</td>
<td>3.41</td>
</tr>
</tbody>
</table>

Three questions dealt with chapter quizzes over the textbook material. Faculty were asked approximately how many chapter quizzes they assigned. The results are in Table 8. Notably, the highest percentage of responses was for no quizzes on textbook material, 34.0%. Faculty in equal numbers assigned quizzes to a few chapters (19.0%), most chapters (18.1%), or all chapters (20.0%). Only 9% assigned quizzes for about half the chapters.

Table 8. Quizzes on Chapters in Textbook

<table>
<thead>
<tr>
<th>Quizzes</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are no quizzes on textbook material</td>
<td>228</td>
<td>34.0%</td>
</tr>
<tr>
<td>Only a few quizzes are given on textbook material</td>
<td>127</td>
<td>19.0%</td>
</tr>
<tr>
<td>Quizzes are given over about half of the chapters</td>
<td>60</td>
<td>9.0%</td>
</tr>
<tr>
<td>Quizzes are given on most of the chapters</td>
<td>121</td>
<td>18.1%</td>
</tr>
<tr>
<td>Quizzes are given on all the chapters</td>
<td>134</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

Table 9. Source of the Quizzes

<table>
<thead>
<tr>
<th>Source</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test bank supplied by publisher</td>
<td>142</td>
<td>29.1%</td>
</tr>
<tr>
<td>Textbook material</td>
<td>75</td>
<td>15.4%</td>
</tr>
<tr>
<td>Material not in textbook but presented in class</td>
<td>31</td>
<td>6.4%</td>
</tr>
<tr>
<td>Material from text and material presented in class</td>
<td>136</td>
<td>27.9%</td>
</tr>
<tr>
<td>Modifying questions in test bank supplied by publisher</td>
<td>21</td>
<td>4.3%</td>
</tr>
<tr>
<td>Questions from textbook and ones created by professor</td>
<td>83</td>
<td>17.0%</td>
</tr>
</tbody>
</table>

Table 10. Where Students Takes Quizzes

<table>
<thead>
<tr>
<th>Source</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blackboard/Web CT</td>
<td>109</td>
<td>15.8%</td>
</tr>
<tr>
<td>Publisher’s website</td>
<td>17</td>
<td>2.5%</td>
</tr>
<tr>
<td>Instructor’s website</td>
<td>6</td>
<td>0.9%</td>
</tr>
<tr>
<td>Taken in class, on paper</td>
<td>317</td>
<td>46.1%</td>
</tr>
<tr>
<td>Taken in class, on computer or other media</td>
<td>18</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

The last question asked faculty about the location/format of the quiz. Results are in Table 10. Of the faculty who do use quizzes, the most frequent location (or format) is quizzes given in class on paper,
46.1%. Only 15.8% use Blackboard or WebCT. Other locations for the quizzes was the publisher’s website (2.5%), instructor’s website (0.9%), and taken in class using a computer or other type of media (2.6%).

**DISCUSSION**

Most instructors (81.2%) make PowerPoint slides available online. Blackboard or WebCT are the predominant method of availability with approximately half of the instructors posting the PowerPoint slides there. In addition to Blackboard and Web CT, slides are also posted on websites of instructors and on publishers’ websites.

The availability of the PowerPoint slides is important to many instructors. More than 59% indicated it was important or very important. On the other hand, many instructors did not feel that availability of PowerPoint slides is important (29.9%). While two thirds (66.4%) modify slides to fit their own class material presentation, many also use slides to present video, graphics, present material from the text, or other publisher-provided material. The top three ways faculty thought students used PowerPoint slides were to review a lecture, review chapter material or study for a test. Thus, despite research indicating that the availability of Power Points to students is a mixed blessing (e.g. Yilmazel-Sahin 2009; Weatherly, Grabe, and Arthur, 2002-2003), many faculty look at these slides as a valuable study aid for students.

Concerns have been raised as to why performance decreases in the presence of PowerPoint slides despite assurances that students do not believe it is an effective substitute for reading the text (Weatherly, Grabe & Arthur 2002-2003). Is it due to the fact that even though they know it doesn’t work, time-starved students still do substitute the slides for reading, or possibly due to use of slides during note-taking resulting in a more passive learning style? These questions certainly deserve further study.

In terms of quizzes, this research found that approximately two-thirds of the instructors are using chapter quizzes in some way. Clearly, pre-made test banks render giving frequent quizzes much easier for most instructors and posting them on one of the course sites such as Blackboard or WebCT. Surprisingly, of those who give quizzes, most are done in class on paper. Only a small percentage of faculty post quizzes on Blackboard or WebCT. Why online technologies are not more frequently utilized is certainly worth exploring in the future.

The rationale for giving quizzes was not part of this study, but is probably a significant factor in who it is given. A common reason given is that the quizzes are given in order to force the students to read the book. It would be interesting to know whether the quizzes were given before or after lectures also, that is—are they seen as a learning tool or an assessment tool.

This exploratory research provides more recent information in understanding the faculty’s use of publisher provided PowerPoint slides and quizzes. More information needs to be gathered to determine if the use of publisher provided PowerPoint slides and quizzes enhances the learning process or if these aids may actually reduce learning. Given that others report business students study less than one hour per credit hour per week (Nonis, Philhours, and Hudson, 2006), it may be true that some of these aids are counter-productive. While students may be, “learning what will be assessed rather than exploring for understanding,” (Huon, Spehar, Adam and Rifkin 2007), faculty must continue to find ways to encourage maximum learning, rather than a “checking the box” mentality.

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OLYMPICS SPORTS SPONSORSHIPS – ARE THEY REALLY WORTH IT: A CASE STUDY OF THE 2008 BEIJING OLYMPICS

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Paul M. Wellen, Roosevelt University
Julie Langer, University of Illinois at Chicago

ABSTRACT

Is the Olympics an effective marketing investment? Budgets for Olympic sponsorships have grown exponentially. Are these sponsorships worthwhile? This study compares two companies that participated in the 2008 Beijing Olympic Games—the sportswear powerhouse, Adidas, who was a sponsor and, Li Ning, a domestic sportswear manufacturer, who was not a sponsor.

INTRODUCTION

From a marketing perspective, the Olympics provide an excellent venue for an international firm to enhance and/or defend their market share, even though the financial burden is considerable. This study analyzes the marketing strategy of two firms in the sportswear industry, one a global giant, Adidas, and the second, a much smaller domestic Chinese sportswear producer, the Li Ning Company. The 2008 Olympics, occurring in the world's fastest growing market, would provide an opportunity to analyze the marketing strategy of both Adidas and Li Ning, with the intention of determining whether or not their respective marketing approaches were successful.

It is not a given that the largest company in an industry will participate as an Olympic “partner.” The sponsorship/partnership fee has been steadily rising over the last few Olympics so that at Beijing it would top $80 million (BOCOG 2005). The largest company in the sportswear industry, Nike, found ways to participate in the Beijing Olympics, but not as a sponsor. But, Adidas, the number two international sportswear company in the world, grabbed the sponsorship reins and signed a deal with the 2008 Beijing Olympic Games to become an “official sponsor” of the Games. Thus an opportunity had been created whereby one could judge and compare with another competitor, the overall marketing efforts, and successes, of Adidas after the Beijing Olympics.

The competitor referenced above is the Li Ning Company, a firm started by China’s most famous Olympian, Li Ning. The company produces sportswear for the Chinese market and is currently expanding to the rest of Asia, but is a fraction of the size of Adidas.

ADIDAS—ON THE WORLD STAGE

On July 25, 2005, Adidas announced that it would be the official “sportswear sponsor” of the 2008 Beijing Olympics. Under the agreement, Adidas supplied sportswear for all of the staff, volunteers, and technical officials of the Beijing Olympic Games and the Beijing 2008 Paralympic Games (BOCOG 2005). The company would also sponsor the Team China uniforms, the uniforms for all medalists, and the uniforms for each of the “22,000 torchbearers as they ran around the globe” (Chinese Embassy 2005). As stated by the CEO of Adidas, the sponsorship was to be the “largest single product commitment” to a sporting event in the world’s history. In addition, the CEO defined it as a platform that would help to “build the Adidas brand image and business in China” as well as be a catalyst in Adidas’s immersion into the Asian market; thus, the company wasted no time embarking on a strategic path of sponsorship (Weiner 2008).

Officially, Adidas exclusively owned the sportswear marketing rights associated with the Olympic Games from the years 2005-2008 (Chinese Embassy 2005). During this period, Adidas sought to increase its standing in the sportswear market; not only through new product development and intensive advertising, but also through the strategic acquisition of the U.S. sportswear company, Reebok (BBC 2005). The primary goal of this purchase was “to challenge industry leader Nike for a higher share of the United States sporting goods market, as well as, the global sporting goods market” (Balboul 2010). The acquisition did achieve this goal, making the company a “near equal” to Nike in terms of global sales. Further, this acquisition gave Adidas access to Reebok sponsored athletes, including Yao Ming, the popular...
Impossible is Nothing,” (Weiner 2008). Adidas wanted company’s 2008 Beijing tagline, “Together in 2008, 2008). This kind of thinking gave birth to the theme, “Impossible is Nothing,” while trying to create a sense of inclusiveness, togetherness and pride, would be the recipe required for marketing success (Kang 2008). Stores were built to saturate the Chinese marketplace in order to both raise awareness of the visual brand as well as compete with local companies like Li Ning, and international companies like Nike who was scheduled to outfit nearly every team in the Beijing 2008 Olympics except, of course, the Chinese team which was reserved for Adidas (Fong 2008).

Adidas decided that evoking both the company’s theme, “Impossible is Nothing,” while trying to create a sense of inclusiveness, togetherness and pride, would be the recipe required for marketing success (Kang 2008). This kind of thinking gave birth to the company’s 2008 Beijing tagline, “Together in 2008, Impossible is Nothing,” (Weiner 2008). Adidas wanted to focus on stimulating a sense of pride and nationalism that would be felt by consumers in general, and the Chinese consumer, in particular. Adidas strategically chose to apply certain colors, such as red and yellow, along with ancient Chinese symbols such as the “swirling lucky cloud pattern,” dragons and fans, in conjunction with the Olympic logo (Canaves 2008). Adidas spent an estimated $57 million promoting this theme through various media, such as TV, outdoor, retail, mobile, and online (Kang 2008).

THE LI NING COMPANY

The 2008 Olympics was the centerpiece of Li Ning’s marketing strategy. After losing the opportunity to be the official sponsor of the Beijing Olympics, Li Ning implemented several other important, and successful, strategies. Indeed, Li Ning cleverly seized the opportunities afforded by the Olympics to achieve meaningful results, results that not only contributed to the bottom line, but also results that enhanced the brand by giving it the local, and global, attention it craved (Reuters 2008a).

Li Ning’s Marketing Strategy

Li Ning employed an Ambush Marketing technique as the centerpiece if its marketing strategy. Ambush Marketing is a strategy that occurs when one brand (in this case, Adidas) pays to be an official partner/sponsor of an event, but another competing brand attempts to connect itself with the event without paying a sponsorship fee, while not violating any laws. This kind of marketing effort can successfully attract consumers at the expense of competitors (Sauer 2002). As an example, Li Ning himself, wearing his own brand of sportswear, was hoisted 75 feet in the air by cables while he ran around the perimeter of the “Bird’s Nest” stadium just before lighting the Olympic cauldron. A perfect ambush. Nike and Adidas may have paid millions of dollars in sponsorship and endorsement fees, but they could not measure up to this incredible feat seen by possibly as many as four billion viewers around the world (Hunsberger 2008). The exposure alone that night on CCTV (Chinese television), along with the picture of Li Ning that ran on the front page of every national newspaper in China, easily makes it the greatest two or three minutes of free advertising in television history (Oshinsky 2008).

Li Ning’s Olympic marketing theme, “Hero”, reflected the firm’s strategic marketing vision. In April 2008, the Company launched its Olympic promotion program. This program was comprised of three main campaigns: “Hero’s Geared to Win (an event for unveiling their Olympic sportswear) launched in the run-up to the Beijing Olympic Games, “Hero’s on Parade” (an event to cheer for the Chinese Olympic athletes) held during the Games, and “Hero’s in Tribute” (a review of the highlights of the Beijing Olympic Games) scheduled for a period after the conclusion of the Games. These promotions were held in 30 major shopping centers covering 25 cities across China. Primarily, this effort was designed to strengthen Li Ning’s association with major shopping centers in the country, and further promote the brand. In total, Li Ning sponsored teams won 27 of the 51 gold medals awarded to the Chinese Olympic delegation (Li Ning Company 2008).

On the international front, Li Ning sponsored men’s basketball teams from Spain and Argentina; the women’s basketball team from Argentina; the Swedish, Spanish and American Table Tennis teams and Sudan’s track and field athletes. All were clad in the Li Ning uniforms aimed at enhancing their international reputation (Moore 2008).

Generally considered Li Ning’s biggest coup was the deal he carved to have all TV hosts, news presenters and reporters on China’s CCTV Sports Channel wear Li Ning branded apparel, footwear and accessories. The company also provided apparel to news presenters and reporters on the Olympic Channel. Clearly, such actions allowed the brand name to reach billions of consumers (Fong 2008). It has been said that Li Ning was the most efficient marketer for the Olympics in terms of spend vs. return (Balfour 2008a).

It has been reported by CTR Market Research that 34% of respondents misidentified Li Ning as being the official Beijing Olympics sponsor (CTR 2008). In
addition, according to Reuters, investor analysts at the time said the company was expected to benefit from the big marketing push provided by this globally telecast mega-event. Indeed, Li Ning’s stock price rose more than 4 percent on the Monday after its Chairman lit the cauldron at the Olympic opening ceremony. In fact, the stock had rallied 3.7 percent on the Friday before the opening ceremony only on the basis of a rumor that former Chinese gymnast Li Ning would play a key role at the Olympic opening ceremony (Reuters 2008b).

An Ambush on the Horizon

Adidas was aware of the risks associated with taking an aggressive position as an Olympic sponsor, and there were many, including the threat of being “Ambushed”. Market leaders are typically aware of the risks associated with Ambush Marketing, and Adidas was no exception. Over a year before the games were even set to begin Adidas executive Erica Kerner voiced the company’s concerns (Madden 2007).

Thus it appears that Adidas was aware of, and on the lookout for ambushes from competitors. In fact, that with the help of the Chinese government, Adidas had already been “proactive” on addressing “a number of cases” that had already arisen in which Adidas believed other firms were capitalizing on their official sponsorship status (Madden 2007). In response, Adidas saturated the Asian markets with advertisements and new products. As planned, the torchbearers carried the flame across the country, each clad in Adidas gear, except for Li Ning who lit the Olympic torch. Volunteers and staff donned Adidas apparel at one of the most extravagant opening ceremonies in Olympics history. They were as pro-active as any sponsor has ever been (Madden 2007).

Li Ning, China’s most highly decorated Olympian, seemed an obvious choice to represent China with the honor of lighting the 2008 Olympic cauldron in Beijing. However, for Adidas, the choice may not have been a desirable one because Li Ning represents a sports wear rival (Ng 2009). Therefore, as Li Ning lit the cauldron in probably “the most audacious torch lighting ceremony ever,” he simultaneously ignited his sportswear company’s image in the minds of viewers, thus potentially overshadowing the Adidas brand (Balfour 2008b). The Chinese government never informed Adidas that Li Ning would be the final torchbearer. However, Adidas, being politically astute, responded positively to the event by praising the choice of Li Ning. But it was the greatest case of Ambush Marketing ever pulled off (Balfour 2008b).

THE RESULTS

In a study reported by Pitt, Parent, Berthon, and Steyn (2010), the data shows that Li Ning, not Adidas, to be the so-called “winner” of the Olympic marketing wars. When it came to brand identification, even though 62.6% of the study’s respondents correctly identified Adidas as an official Olympic sponsor, 67.4% incorrectly identified Li Ning as a sponsor as well. Pitt et. al., refer to this as the “Li Ning effect”, which they define as “when a brand ambushes a sponsoring competitor, with the result that the ambusher achieves higher sponsorship recognition than the true sponsor.” Furthermore, they reported that as a result of the Olympic Games, the likelihood of consumers recommending Li Ning branded products was higher than the likelihood of consumers recommending the Adidas brand. Does this indicate that Olympic sponsorship may have had very little to do with increasing brand recognition toward a sponsoring sportswear company (Pitt, Parent, Berthon, & Steyn 2010)? When all is said and done, perhaps Li Ning actually prevailed as the winner of the brand recognition games at the 2008 Olympics. However, in all fairness, before a winner can be declared, it is also necessary to take into consideration each company’s financial gains as a result of this marketing “war”.

After the Beijing Games, Adidas released its 2008 annual report showing increases in both sales and earnings. In Asia alone, and likely attributable largely to the Games, their sales rose 24% (holding exchange rates steady) (Adidas Group 2008). Adidas’s overall numbers were encouraging and improving, especially in the Asian markets where net sales finally surpassed those in both Latin and North America (Adidas Group 2008).

The Olympic Year 2008 was the biggest to date for the Li Ning sportswear company of China. Like Adidas, Li Ning reported a meaningful increase in both sales and earnings. Footwear sales saw a 60% increase, with apparel sales improving by 44%. Overall, 2008 profit increased by 35% (Li Ning Company 2008).

For any Olympic sponsor, a brand recognition rate, after the Games, of 60% is a success. However, for a non-Olympic sponsor to garner nearly a 70% recognition rate, as Li Ning did, is most unusual (Pitt, Parent, Berthon, & Steyn, 2010). Was the marketing activity pursued during the 2008 Olympic year successful for Li Ning? The answer seems to be a clear “yes”. Indeed, revenue, operating profit and profit before income tax, all major yardsticks of success, had increased over 50% in 2008 as compared to 2007 (Li Ning Company 2009a).

Adidas cannot be disappointed by their success at the games, at least as judged by brand recognition factors and earnings. However, paralleled with Li
Ning, it is clear that by a small margin, Li Ning prevailed in nearly every criterion that was addressed. And, after all, when it comes to the Olympics, it is by the smallest margins that competitors are able to taste gold instead of silver.

CONCLUSION

When you compare the high-powered financial and marketing might of Adidas to that of a much smaller competitor, Li Ning, it brings into question the whole issue of sports sponsorship and whether or not this kind of investment yields suitable returns. Could it be that the costs associated with playing a sponsorship/partnership role in the Olympics have risen to the point that its return on investment cannot be justified? Or are there simply better ways to achieve the same result or, perhaps, other ways to achieve even better results?

REFERENCES


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This study classifies Chinese online bidders based on their bidding behavior (i.e., sequential bidding, late bidding, multiple bidding, and willingness to pay). The findings demonstrate that Chinese online bidders are indeed a heterogeneous group. Three distinct types of bidders were identified and named as sequential early evaluators, sequential late participants, and simultaneous middle bidders.

Sequential early evaluators are the largest group, accounting for 41.5% of all bidders. These bidders attend one auction at a time, enter an auction relatively early, bid multiple times, and have the lowest willingness to pay among groups. Since they submit low bids and are least experienced (2.65), their purpose of attending auctions could be to gain some experience by actually bidding. As a result, it is not surprising they have such a low likelihood of winning an auction (2%).

Sequential late participants account for 30.7% of all bidders. They attend one auction at a time, enter an auction very late, submit fewer bids, and have the highest willingness to pay among groups. These bidders tend to be goal-driven. They focus on one auction, and their purpose of bidding is to win the auction.

Simultaneous middle bidders are the smallest group, accounting for 27.8% of all bidders. These bidders attend multiple auctions at the same time, enter in the middle of an auction, submit multiple bids, and have a higher than average willingness to pay. They are most experienced (4.17) and tend to be bargain hunters. They bid across auctions in order to find a deal. Their average winning bid (¥701.50) is the lowest among groups.

Findings from this study can benefit online auctioneers. In particular, they need to optimize their auction design in order to attract different types of bidders. For example, auctioneers can design a good website and set a low starting bid to attract sequential early evaluators and simultaneous middle bidders in order to build traffic, which can eventually drive up the auction price. To attract sequential late participants who focus on one auction at a time and have a high willingness to pay, auctioneers may want to provide detailed product information (e.g., pictures).

The present study classifies Chinese online bidders based on their bidding behavior, but does not directly compare bidding behavior across cultures. Future research may address this issue. For example, one could examine how bidders engage in sequential, late, and multiple bidding under different cultural contexts. Another research avenue is to investigate Chinese online bidders’ motivations (e.g., bargain hunting, convenience seeking, enjoyment seeking, etc.) and examine how they can be related to different types of bidding behavior.
RELATIONSHIP SELLING:
A SUPERIOR WAY OF CONDUCTING BUSINESS ON B2B MARKET. AN EMPIRICAL ANALYSIS OF AN INTERNATIONAL FAST TRANSPORTATION SERVICES PROVIDER ON THE ROMANIAN MARKET

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ABSTRACT

Almost nothing is as important in the sales and marketing sphere as initiating, developing, and nurturing long-term customer relationships. Within this context, the notion of relationship selling continues to receive increasingly broader attention among business professionals and scholars alike. The core philosophy of relationship selling recognizes the shift from a selling orientation to a customer orientation, which requires different set of sales strategies. Consequently, companies addressing B2B markets are long-term oriented, driven towards ensuring superior satisfaction, positive interactions and experiences for their customers. This results in higher retention. The customer is viewed across the entire life cycle, through partnerships founded on mutual trust, respect, transparency and communication. The sum of these relationships constitute the relationship capital of the company. Sales force represents for most companies on B2B market their “spearheads” and direct contact with the market, thus its management can be a source for customer satisfaction and overall efficiency. The emphasis is placed on the relationship among business partners, mediated though intelligent, innovative and superb salesforce.

Common practice to present stages of relationship selling is the development of key account management, usage of sales teams versus individual sales reps, and a taxonomy of new strategic long term roles within sales organization (relationship manager, buyer/seller team coordinator, customer service provider, buyer behavior expert, information gatherer, market analyst, planner, sales forecaster, market cost analyzer, consultative sales rep and technologist). Nonetheless, primarily focus of relationship selling is on interpersonal communication and qualitative, long term objectives for the sales force.

This research will explore relationship selling through the eyes of large accounts of a US based, worldwide express transportation services provider in Romania. Five key factors that are a source of customer satisfaction, were considered: reliability (the degree to which parcels are delivered without damage and on time); professionalism (the degree to which carrier company uses suitable, professional behaviors, while working with me such as politeness, respect, consideration, truthfulness and friendliness); responsiveness (the degree to which company staff reacts promptly and appropriately); completeness (the degree to which all components of the service are finished); and availability (the degree to which the company can be accessed). Findings pinpoint a snapshot of relationship sales approach stage, existing gaps, challenges and best managerial practices for superior relationship sales. Based on this analysis we articulate a distinct set of managerial implications and further research avenues within this critical area.

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INTERORGANIZATIONAL TRUST ISSUES WITH SaaS: AN EMPIRICAL STUDY IDENTIFYING THE TRUST ISSUES RELATED TO THE ADOPTION OF NEW TECHNOLOGY IN B2B

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ABSTRACT

The paper analyzes the predictive role of interorganizational trust in the adoption of new technology in the B2B environment. Using the Technology Adoption Model (TAM), we believe that supplier characteristics will moderate the perceived usefulness, perceived ease of use and interorganizational trust, therefore impacting the likelihood of new technology adoption.

INTRODUCTION

While the idea of trust has become a widely accepted part of business-to-consumer (B2C) research, the application of this idea in business-to-business (B2B) research has not been as extensive (Pavlou, 2002). One area where trust has been looked at in B2C and not been looked at in B2B is how it impacts the adoption and diffusion of new technologies. This is striking, as trust has shown to reduce perceived risk and product uncertainty and can lead to adoption of new technologies in the B2C context (Pavlou and Gefen, 2002; Kim and Prabhakar, 2000). As one may assume, firms in the B2B environment are also concerned with reducing product uncertainty and increasing adoption rates of new technology (Thong and Yap, 1995). With this in mind, we propose that firms consider the element of trust in their B2B relationships when introducing new technology. In order to explore this, we will use an adapted technology adoption model (TAM) to investigate the adoption rates of Software-as-a-Service (SaaS) and analyze the discrepancies in trust between the eager adopters of this technology and laggards.

Over the past decade, SaaS has become an increasingly popular form of software deployment. Providers such as Salesforce.com and SugarCRM have found success using SaaS as a basis for their business models. SaaS has also gained interest in academic circles as it has been identified as an emerging business model (Varadarajan et al., 2009). However, despite the many apparent advantages of using SaaS, the vast majority of firms do not use SaaS for integral parts of their business. Given the newness of this technology, there are likely to be a number of issues related to the effectiveness and efficiency of this platform. Empirically, it appears there are also a number of issues related to the marketing of SaaS to businesses, specifically trust.

This paper will provide a link between trust and the adoption of new technology. Specifically, interorganizational trust has been found to be a key issue in B2B marketplaces, and therefore this will be looked at in the specific case of adoption of SaaS (Pavlou, 2002). Ultimately this paper should provide insight on how interorganizational trust levels vary amongst different firms in different supplier relationships and how this impacts adoption of new technologies. More practically, this paper aims to address the specific trust issues facing SaaS providers and identify possible solutions for resolving these issues, thereby enabling SaaS providers to increase their customer bases.

BACKGROUND LITERATURE

Software-as-a-Service

Software-as-a-Service (SaaS) has been identified as an emerging technology that could prove crucial to the success of numerous organizations over the next decade (Varadarajan et al., 2009). Therefore, it is important to understand what exactly SaaS is, what the proposed benefits of it are, and what the current issues are.

The technological and financial advantages of SaaS are quite clear. Traditionally, a firm would purchase a software license for a given application, such as a Customer Relationship Management (CRM) package, and install the application on individual
machines. With SaaS, a firm simply signs up to use the application through a vendor that hosts the software package. The purchasing firm is still provided with the same capabilities that the traditional software package would offer, but they are able to avoid the time consuming and expensive processes of installing, maintaining and updating this software. SaaS users are also given much more flexibility; if their application provider fails to meet expectations, they can simply switch providers. In most cases, the cost of this switching will be cheaper than going through an entire overhaul of traditional, in-house software. SaaS also provides firms with much greater scalability; instead of purchasing new software, they simply sign up for a new service (Dubey & Wagle, 2007).

Given these obvious benefits, firms have begun either adopting or considering adopting this technology over the past half decade. However, while the idea of SaaS has become less controversial, issues remain for current and potential customers. Recent research has shown that only approximately 30% of surveyed firms intend on increasing their current levels of SaaS over the next two years while 10% actually plan on decreasing their dependency on this technology (Gartner, 2009). The study revealed the following issues with current and potential customers; “Underwhelming customer satisfaction scores, hesitation over the true cost of SaaS solutions, and concerns regarding how successfully SaaS applications can be integrated with other applications all point to issues that will need addressing and resolving.” (Gartner Research, 2009). Survey respondents felt the top three factors considered when deciding whether or not to deploy SaaS are the applications’ abilities to meet technical requirements, security/privacy issues, and the ease of integration and functionality. Further studies have found that managers considered four main factors when considering whether or not to adopt SaaS technologies: social influence, pre-existing attitude towards SaaS, product uncertainty, and strategic value. (Benlian & Buxmann, 2009). Certainly, continuing to improve SaaS technology should help improve adoption and diffusion rates. However, as the literature review will reveal, many of these issues are also linked to trust and, more specifically, the idea of interorganizational trust.

**Trust and Interorganizational Trust**

Building long-term relationships is crucial in B2B environments. Previous literature has shown that at the core of this relationship approach is the idea of building trust. Trust is defined as "a psychological state comprising the intention to accept vulnerability based on positive expectations of the intentions or behaviors of another" (Rousseau et al. 1998, p. 395). It has been found that trust is developed when a buyer views the firm or salesperson as honest, reliable, consistent, and trustworthy (Doney and Cannon 1997). According to Morgan and Hunt (1994), trust and relationship commitment are the key components to building cooperative relationships between customers and firms. Subsequently, building cooperative relationships is crucial to creating relationship marketing success. Morgan and Hunt go on to explain that a firm builds commitment and trust by providing superior benefits, maintaining high standards of corporate values, communicating valuable information, and avoiding taking advantage of partners and customers. Subsequent literature has built off of these ideas and applied them in various areas of interest.

One such area that it has been applied is interorganizational trust. Interorganizational trust refers to the trust placed upon a supplier organization by the members (e.g. employees) of the buyer organization (Zaheer et al., 1998). By definition, interorganizational trust is defined as “the subjective belief with which organizational members collectively assess that a population of organizations will perform potential transactions according to their confident expectations, irrespective of their ability to fully monitor them” (Pavlou, 2002). Ultimately, interorganizational trust is seen to be driven by both the predictability of a trustor’s expectations about an organization’s behavior and the confidence in an organization’s goodwill – otherwise referred to as credibility and benevolence (Doney and Cannon 1997).

Interorganizational trust is an important concept as it is generally believed to be important for the success of interfirm relationships (Jeffries and Reed, 2000). It has proven to lead to positive outcomes such as competitive advantage, performance, perceived risk reduction and satisfaction (Zaheer et al., 1998; Pavlou, 2002). This concept has been applied in economics, where it states that trust can lead to efficient transactions by reducing transaction costs (Bradach and Eccles, 1989). In the organizational literature, trust has been shown to reduce opportunism and promote cooperation (Morgan and Hunt, 1994). Other studies have acknowledged that trust is a crucial component in outsourcing relationships (Langfield-Smith and Smith, 2003). Interestingly, research has also shown that while interorganizational trust is necessary, too much of it can actually be just as bad as too little of it. High levels of trust between organizations will actually lead to reduced motivation for the negotiating employees, thus leading to less optimal solutions and suffering firm performance, especially for the buyer (Jeffries and Reed, 2000). However, much of the research on interorganizational trust has focused on relationships between buyers and sellers as it concerns regular, day-to-day transactions. The existing literature has not yet
looked at the impact interorganizational trust has when a new technology is introduced.

**Why Firms Adopt New Technology – Adoption as a Strategic Decision**

Adoption and diffusion of new technologies have been analyzed in a number of different ways and from a number of different fields. In their seminal paper, Davis et al. (1989) found that perceived usefulness and ease of use were the biggest determinants of a person’s intent to use and adopt a new technology, thereby creating the Technology Acceptance Model (TAM). This model has been widely accepted and expanded upon by academics since its introduction. For example, Gefen and Straub (1997) argued that aspects of the buyer, such as gender, needed to be considered as well. In a particularly relevant study, Pavlou (2003) was able to expand the model further to include trust and risk as constructs by analyzing the uncertain environment of e-commerce. He found that trust could be modeled as a predictor of technology adoption and a mediator of perceived usefulness and ease of use. This study was one of the first to acknowledge the impact of trust in technology acceptance and diffusion of new technology in any environment.

However, while the TAM has been an extremely popular building block in the B2C literature, the research streams on technology acceptance in the B2B environment are less complete. Certainly, similarities exist between technology adoption in both environments, however, most studies have argued that technology adoption in B2B is primarily driven by strategy and economics (Pires and Aisbett, 2003; Davila et al., 2003). It has been established that companies must possess a competitive advantage in technical know-how before they decide to adopt new technology, which can be increased through collaboration with outside institutions (Attewell, 1992). Strategic, informational and transactional factors also play a role in relation to the internal, customer, and competitive environments as the major factors driving technology adoption (Pires and Aisbett, 2003).

Another study looking at the adoption rates of e-Procurement technology found that adoption rates are based on the economic situation of a given firm. Companies that are more financially sound and enjoy a stronger competitive position will adopt technology more aggressively while laggards will wait to see whether or not these superior firms benefit from the new technology (Davila et al., 2003). Yet another study actually looked at SaaS adoption and found that managers considered four main factors when considering whether or not to adopt SaaS technologies: social influence, pre-existing attitude towards SaaS, product uncertainty, and strategic value (Benlian & Buxmann, 2009). This study uncovered some interesting points about technology adoption specifically related to SaaS, yet it failed to consider the impact of interorganizational relationships.

The common theme between all these studies is that they view adoption of new technology as a strategic and economic decision based on a firm’s knowledge of the new technology. By doing this, they ignore many of the variables mentioned in the B2C literature addressing technology adoption, including trust (Pavlou, 2003). This also comes at odds with the literature in many streams of research that has acknowledged trust as a major factor in inter-firm relationships and in most, if not all, B2B transactions (Zeheer et al., 1998; Jeffries and Reed, 2000). It seems almost commonsensical that interorganizational trust should be analyzed as a factor for firms considering adopting new technologies, especially considering the high levels of uncertainty involved in an adoption scenario (Jensen, 1982). Therefore, while these findings are certainly credible and important, we propose that interorganizational trust should be included as a variable in any model addressing technology adoption in a B2B environment. The Theory section will explain how such a model can be constructed.

**Why Firms Do Not Adopt New Technology – Barriers to Adoption**

A separate, but similar, stream of research has looked at why firms choose not to adopt new technology and explain what the barriers of adoption are in a B2B environment. Prior literature has shown that not all firms choose to adopt new technology, even if it is relevant, and can thrive utilizing their older technology (Nickerson and Zenger, 2004). In fact, firms can actually lose market dominance by investing in new technology too aggressively (Christensen, 1997). Acknowledgment of these facts can cause firms to hesitate when considering the adoption of new technology, therefore slowing the diffusion process. Uncertainty about a new innovation or technology can lead to uncertainty about whether or not it is even profitable to adopt in this new technology (Jensen, 1982). Further research has noted that firms will delay the adoption of new technology until sufficient in-house technical know-how is acquired. The acquisition of this know-how is impacted by the current know-how of the firm and the organizational learning of the firm. Furthermore, it has been found that outside institutions can alleviate these barriers to adoption by making it easier for firms to adopt and use the new technology by increasing their technical know-how (Attewell, 1992).

However, therein lays the problem; if outside institutions cannot do enough to alleviate these
barriers, than firms may not choose to adopt. Once again, we believe interorganizational trust plays a significant role for firms who decide not to adopt new technology. As has been mentioned, interorganizational trust has proven to lead to positive outcomes such as competitive advantage, performance, perceived risk reduction and satisfaction (Zaheer et al., 1998; Pavlou, 2002). Trust has been shown to reduce opportunism and increase efficiency in existing interorganizational relationships (Bradach and Eccles, 1989; Morgan and Hunt, 1994). Given this information, it is very likely that a buyer with high levels of interorganizational trust with a supplier of old technology will not choose not to adopt new technology, perhaps even ignoring the efforts of outside institutions. This idea ties back to the findings that high levels of trust between organizations will lead to reduced motivation for the negotiating employees and the buyers’ need to push for the best solution possible will be reduced (Jefries and Reed, 2000). Ultimately, if the old supplier with whom high levels of interorganizational trust has been established is unable to help the buyer overcome the aforementioned barriers to adoption, the buyer will have little reason to do so, thereby slowing the diffusion of new technology.

**The Difference between Outsourcing and New Technology Adoption**

It should be noted that while similarities exist between the decision to outsource and the decision to adopt new technology, enough differences exist that make this study important. Both the decision to outsource and the decision to adopt technology have been argued to be driven by primarily strategic reasons (Pires and Aisbett, 2003; Davila et al., 2003). As this paper will argue, both the decision to outsource and the decision to adopt new technology are driven by interorganizational trust (Langfield-Smith and Smith, 2003). However, these decisions and any subsequent relationships are not the same.

A major reason for a given company to outsource a certain portion of their business, such as IT capabilities, is because that “organization would need to gain access to high levels of (internal) IT expertise to compete effectively” (Langfield-Smith and Smith, 2003). By outsourcing, the organization no longer needs to acquire these high levels of IT expertise. However, in the case of technology adoption, such as adopting SaaS, this high level of expertise is required. In fact, as will be discussed later, a high level of technical expertise is required in-house in order to properly integrate new technology (Attewell, 1992).

**THEORY**

The goal for this study is to build a model demonstrating the influence of interorganizational trust on the adoption of new technology in the B2B environment. This builds upon previous literature that has, up to this point, focused primarily on the adoption of technology as a strategic and economic decision and has subsequently ignored trust. We argue that these previous studies have borrowed much of their theories and variables from the TAM, and therefore the TAM will be used as a basis for our model. For example, increased ‘technical know-how’ will logically lead to ‘ease of use’ – the more technically advanced a buyer is, the easier it will be for him to use the new technology (Davis et al., 1989, Attewell, 1992). Similarly, increased ‘strategic value’ will lead to ‘perceived usefulness’ – the more strategic value a new technology adds to a firm, the more useful it will be perceived to be (Davis et al., 1989, Pires and Aisbett, 2003, Benlian & Buxmann, 2009). The financial well-being of the buyer, as mentioned by Davila (2003), does not appear to be captured in the TAM. In fact, Davila’s finding appears to be similar to Gefen and Straub’s (1997) finding which also added buyer characteristics to the TAM in the B2C context. Therefore, the financial well-being of the buyer will be added to this model. Finally, in accordance with Pavlou’s (2003) B2C study, we will add trust to our model as both a predictor of adoption and a mediator of ease of use and perceived usefulness. Based on these findings the following hypotheses are made:

H1: Financial well-being of the buyer predicts technology adoption, in the B2B environment.

H2a: Interorganizational trust predicts technology adoption, in the B2B environment.


H2c: Interorganizational trust mediates ease of use, in the B2B environment.

Next, we look at the characteristics of sellers and the moderating role they play. For simplicity’s sake, we will refer to sellers who offer SaaS as “Cutting Edge Suppliers.” Conversely, we will refer to sellers who do not offer SaaS as “Traditional Suppliers.” As trust is precursor to purchase intent and to customer-buyer relationships, we believe eager adopters of SaaS will trust “Cutting Edge Suppliers.”
more and laggards will trust “Traditional Suppliers” more (Morgan and Hunt, 1994). Because of this established trust, we believe the characteristics of the suppliers will moderate the predictors of trust. For example, a buyer who has high levels trust with a “Traditional Supplier” will see the new technology as less easy to use and less useful and therefore will be less likely to adopt. This logic is consistent with previous studies acknowledging that high levels of trust can actually lead firms to settle on the first acceptable solution to a problem as opposed to pushing a supplier for an optimal solution (Jeffries and Reed, 2000). Conversely, a buyer who has high levels of trust with a “Cutting Edge Supplier” will see the technology as more easy to use and more useful and therefore will be more likely to adopt.

H3a: Supplier characteristics moderate the predicting relationship of trust on technology adoption, in the B2B environment.

H3b: Supplier characteristics moderate the mediating relationship of trust on perceived usefulness, in the B2B environment.

H3c: Supplier characteristics moderate the mediating relationship of trust on ease of use, in the B2B environment.

These hypotheses should combine to provide an integrative model that takes into consideration findings from both the B2B and B2C contexts. Figure 1 illustrates the proposed model.

**FIGURE 1**

*Proposed Model for Adoption of New Technology in B2B Environments*

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**RESEARCH DESIGN**

Given the relative newness of SaaS, the emergence of this technology provides a unique opportunity in which to test how interorganizational trust impacts adoption and diffusion rates. Based on findings from a 2009 Gartner Research study, a large enough sample of both eager adopter firms and laggard firms exist in order to appropriately test our hypotheses and explore their variances in trust with both SaaS suppliers and traditional software providers.

We will compare adopters of SaaS to non-adopters of SaaS technology. In order to appropriately and consistently analyze this topic, we will look at firms who still use traditional Customer Relationship Management (CRM) software and firms who have switched to SaaS technology to support their CRM needs. In order to determine this, we will present approximately 20 IT managers in a specific industry with a questionnaire based on past studies focusing on CRM technology, SaaS technology, and new product adoption in the B2B environment (Zaheer et al., 1998; Benlian & Buxmann, 2009). Also, questionnaires will ask the following firm demographic information: size of firm, size of IT department, IT budget (total monetary amount and percentage compared to total budget), tenure of relationship with current CRM supplier and firm performance over the past five years. The purpose of this step is to track who responds and who does not respond in case any trends or non-response biases exist based on firm demographics. A draft questionnaire can be found in Appendix A.
THEORETICAL IMPLICATIONS

Without fully completing the experimental portion of this study, it is a bit presumptuous to come to any finite conclusions based upon our hypotheses. While the TAM has shown to be a useful starting point in adoption circumstances, it has also shown to be limited and therefore can be expanded upon (Gefen and Straub, 1997; Pavlou, 2003). Based upon previous literature, trust has been shown to play an important role in the relationships between suppliers and buyers, leading to coining of the term interorganizational trust (Zaheer et al., 1998). Also, trust has been shown to play a part in the adoption rates of new technologies in the B2C environment (Pavlou, 2003). Given these findings, we hypothesize that interorganizational trust is necessary for the adoption of new technologies in the B2B environment, dependent on the characteristics of the suppliers. Conversely, we hypothesize that a lack of interorganizational trust will slow down adoption rates of new technology, dependent on the characteristics of the suppliers. Finally, we hypothesize that the characteristics of the supplier can moderate the predictive powers of interorganizational trust, ease of use and perceived usefulness on adoption of new technology. Given the accuracy of these hypotheses, this study should provide a new, more complete model for technology adoption in the B2B environment. Ideally, this model could be used in any adoption circumstance in which a new technology can potentially replace an older one.

MANAGERIAL IMPLICATIONS

This study has significant managerial implications. For suppliers of new technology, such as Saas, they must understand the role interorganizational trust plays in adoption rates. In order for new technology to be adopted, interorganizational trust must be developed. For suppliers of new technology, these findings should provide some solace that their efforts with a given buyer will not be simply replaced by new technology. By developing and maintaining interorganizational trust, a supplier of older technology can maintain a successful business relationship with a buyer. Finally, buyers should understand that interorganizational trust can play the role of a double-edged sword. While interorganizational trust has shown to lead to positive outcomes such as competitive advantage, performance, perceived risk reduction and satisfaction, (Zaheer et al., 1998; Pavlou, 2002) it can also lead to overdependence on a supplier that does not offer the most cutting edge technology. Similarly, an overabundance of interorganizational trust with a cutting edge supplier could lead a buyer to adopt new technologies that do not fit their unique needs.

LIMITATIONS

Despite these findings, certain limitations remain in this stream of research. First, as is often a concern when introducing a new model, there is a possibility that important variables have been left out of this study. For example, while this study only looks at one industry, industry competitiveness could be added to the model in a supplementary study that compares this model across industries. Second, this study looks solely at SaaS, a technology that could be considered disruptive as it completely changes how companies handle their software needs. Further research could look at how interorganizational trust impacts adoption rates for less disruptive technologies. Third, this study looks at interorganizational trust as it exists in its current state. Future research could conduct a time series analysis to see how interorganizational trust ebbs and flows as the technology diffuses through an industry and either gains popularity or is replaced by optimal technology. Finally, as with any study of this nature, self-selection bias could be an issue. It is possible that only respondents with either extremely positive or extremely negative views towards SaaS actually took part in this study. Although we plan to account for this, future research could experiment with other survey designs that could completely prevent self-selection bias.

CONCLUSION

Assuming the relevancy of our hypotheses, this study makes several contributions. First, it identifies a new area in which the concept of trust can be applied. Next, it provides a new model that can be used when considering adoption of new technology in the B2B environment. As has been mentioned before, this area is somewhat incomplete and has overlooked some of the popular B2C concepts; this study simply shows how one of these concepts can apply to the B2B environment. Finally, this study should encourage managers of supplier firms to not simply rely on the technical strength of their new technology, but to also consider the element of interorganizational trust as they introduce their new technology.
APPENDIX - QUESTIONNAIRE

Supplier Characteristics

Does your current CRM supplier offer Software-as-a-Service (SaaS)?
(Yes/ No/ Not Sure)

Our current CRM supplier consistently introduces us to the newest and most cutting-edge technologies for our needs.

Our current CRM supplier offers cutting-edge technology.

Interorganizational Trust

I trust our current CRM supplier to offer us the most appropriate technologies for our needs.

Our current CRM supplier is trustworthy.

I trust our current CRM supplier because they keep my company’s best interests in mind.

Perceived Usefulness

Overall, I find SaaS to be useful.

I think the SaaS is/could be valuable to my company.

SaaS is/could be useful to my company.

Perceived Ease of Use

From my understanding, interacting with SaaS is clear and understandable.

From my understanding, interacting with SaaS does not require a lot of mental effort.

From my understanding, SaaS is easy to use.

Adoption of New Technology

Does your company currently utilize Customer Relationship Management software (CRM)?
(Yes/ No)

Does your company currently utilize a Software-as-a-Service (SaaS) package to handle your CRM responsibilities?
(Yes/ No)

Demographic Questions

Approximately how many people work for your firm?

Approximately how many people work in your IT department?

Approximately what is your total IT budget (US$ amount)?

Approximately what is the percentage of your IT budget compared to the total firm budget?

How long have you had a relationship with your current CRM supplier?

How has your firm performed compared to expectations over the past five years?
(Significantly under expectation/ Slightly under expectations/ Meet expectations/ Slight above expectations/ Significantly above expectations)

A 5-point Likert scale (Strongly disagree/ Disagree/ Neither agree nor disagree/ Agree/ Strongly agree) is used for all questions except where noted.

Questionnaires adapted from Zaheer et al., 1998; Pavlou, 2003.

REFERENCES


LEADERSHIP PERCEPTIONS IN THE MARKETING ORGANIZATION AND TECHNOLOGICAL UNCERTAINTY

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ABSTRACT

There are various aspects of marketing requiring influential leadership but the concept of leadership is rarely discussed in the marketing literature. The primary objective of this exploratory research is to uncover the dimensions of leadership that lead to perceptions of high performance in marketing when there is technological uncertainty.

INTRODUCTION

Leadership is not a well researched concept in the marketing literature despite the fact that several key marketing initiatives require the support of leadership or upper management for effective implementation (Slater and Narver 1994; Day 1994; Jaworski and Kohli 1993; Kennedy, Goolsby, and Arnould 2003). This shortcoming in the marketing literature is understandable given that leadership is a construct more germane to the management literature and the study of organizations. However, research has shown that upper management involvement in product development is associated with positive product performance, market share, and profitability (Henard and Szymanski 2001). It is also widely recognized in the marketing literature that the establishment and adoption of a customer-focused organization takes support from upper level management (Kohli and Jaworksi 1990; Kennedy, Goolsby, and Arthur 2003).

In times of technological uncertainty leadership is particularly important as subordinates look to leaders for support and to make sense of the competitive environment. Still, the marketing literature is relatively silent on the role leader behaviors play in a successful marketing organization. The present study is designed to examine the dimensions of leadership perceived important to the business function of marketing when there is technological uncertainty. We also examine the dimensions of leadership perceived important for high leadership performance in other functional areas, such as engineering, R&D, and manufacturing, and when there is technological uncertainty.

CONCEPTUAL FRAMEWORK

The literature on leadership dates back to the early 1900’s with theories characterized as the ‘trait approach’. These theories were developed with the belief that some people have innate traits that make them great leaders. Reviews by Stogdill (1948, 1974) covering almost 300 studies provided the background for the trait approach. He found that the main traits distinguishing leaders from non-leaders were: intelligence, alertness, insight, responsibility, initiative, persistence, self-confidence, and sociability. Other researchers (Mann 1959; Lord, DeVader, and Alliger 1986; Kirkpatrick and Locke 1991) confirmed Stogdill’s trait findings.

More recently, a new genre of organizational leadership theories has evolved including charismatic leadership emphasizing leaders having incredible effects on followers and organizations (Conger and Kanungo 1987; House 1977; Bass 1985; and Sashkin 1988). Closely related to charismatic leadership is transformational leadership which is said to transform the beliefs, values, and inspirations of their followers.

METHODOLOGY

Our review of the leadership literature described in the previous pages resulted in over 60 leadership characteristics. Next we conducted a pre-study with executive MBA students at a large Midwestern university. These executive MBA students were asked to rate the perceived importance of each leadership attribute as it pertained to high performance in their particular business functional area. They used a 10-pt scale where 10 referred to “very important” and 1 “very unimportant”. The ratings ranged from an average of 9.65 (integrity) to 6.04 (physically fit). These results are consistent with other importance measures of leadership attributes where integrity/honesty topped the list as the most important leadership trait. The pre-study results yielded a reduced list of 44 attributes. Variables considered
outdated (i.e. masculine) or redundant, such as honesty/integrity, were deleted from the final file.

Sample and Data Collection

The sample for this study is two large multinational companies located in the Midwest. An online survey was used to assess the importance of various leadership traits and behaviors across business functions. Respondents were asked to rate the importance of these traits to leadership in the functional area in which they currently worked. The survey was available for two weeks for voluntary participation, and a reminder email was sent after one week. A total of 1006 surveys were collected. After checking the returned surveys for completeness our final file consisted of 862 individuals covering the four functional areas. Principal components factoring with varimax rotation and the eigenvalue rule > 1.0 was performed on the 44 leadership attributes and yielded an eight-factor solution. After examining the results, the eight factors were labeled: ‘Supportive’, ‘Charisma’, ‘Intelligence’, ‘Responsible’, ‘Vision’, ‘Integrity’, ‘Risk Taking’, and ‘Challenging Tradition’ (See Table 1). They are defined as follows:

1. **Supportive.** Supportive leaders are caring, have concern for individuals, and are team oriented. They are friendly, considerate, and help employees further their careers.

2. **Charisma.** This dimension is defined by leaders who not only exude charisma but who are extroverted, energetic, and enthusiastic. These individuals are sociable and self-confident.

3. **Intelligent.** The intelligent business leader understands the business and takes time to learn the current operations before making organizational changes. Intelligent managers are characterized by their analytic ability, creative thinking, and intuition.

4. **Responsible.** Responsible leadership is described by self-control, self-renewal (the ability to learn from ones mistakes), emotional maturity, and open-mindedness. These leaders are sensitive to the environment and understand how resources impact their team’s job.

5. **Vision.** The Vision dimension reflects the leader who can articulate a vision for the future and behave as a role model. This person inspires and motivates employees.

6. **Integrity.** A manager with integrity is honest, dependable, 0fair-minded, and uses good judgment. Honesty and integrity are consistently the number one most admired characteristic across studies on leadership.

7. **Risk Taking.** The risk taking leader uses unconventional behavior to get things done and does not mind incurring personal risk for the sake of the organization.

8. **Challenges Tradition.** This leader challenges the process, finds new and better ways of doing things, recognizes and supports good ideas, and has the willingness to challenge the system in order to get new products, processes, and services adopted.

**ANALYSIS AND RESULTS**

Using the eight factors and their factor scores, we next determine the leadership dimensions deemed most important to perceptions of high performing leadership across the four business functions (Marketing, Engineering, Manufacturing, and Research & Development). We use multivariate analysis of variance (MANOVA) to test if the means of the resulting eight factors (leadership dimensions) differ significantly across business function. There are several significant results. We focus on the marketing area first. Marketing rates Charisma, Vision, and Challenging Tradition more important to high-performing leadership than the other business functions (See Figure 1).

**Marketing versus other Business Functions**

When we compare business functions, marketing and manufacturing seem to have more in common than the other functional areas. Specifically, both marketing and manufacturing agree on the importance of charisma, responsibility, and challenging the process when it comes to high-performing leadership. Several studies have examined the link of manufacturing and marketing regarding cross-functional integration (Kahn and Mentzer 1994; Olson, Walker, Reukert and Bonner 2001; and Song, Droge, Hanvanich, and Calantone...
Table 1: Oblique Rotation (PROMAX) and Factor Loadings

<table>
<thead>
<tr>
<th>Supportive</th>
<th>Charismatic</th>
<th>Intelligent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concern for Individual Needs 0.805</td>
<td>Energetic 0.740</td>
<td>Intelligent 0.699</td>
</tr>
<tr>
<td>Caring 0.783</td>
<td>Self-confident 0.690</td>
<td>Creative Thinking 0.680</td>
</tr>
<tr>
<td>Supportive 0.729</td>
<td>Ambitious 0.680</td>
<td>Intuitive 0.664</td>
</tr>
<tr>
<td>Cooperative 0.676</td>
<td>Extroverted 0.672</td>
<td>Intellectually Stimulating 0.633</td>
</tr>
<tr>
<td>Team Oriented 0.615</td>
<td>Determination 0.667</td>
<td>Imaginative 0.622</td>
</tr>
<tr>
<td>Diplomatic 0.597</td>
<td>Enthusiastic 0.622</td>
<td>Analytic 0.608</td>
</tr>
<tr>
<td></td>
<td>Sociable 0.622</td>
<td>Perceptive 0.607</td>
</tr>
<tr>
<td></td>
<td>Organized 0.622</td>
<td>Competent 0.566</td>
</tr>
<tr>
<td></td>
<td>Charismatic 0.561</td>
<td>Straightforward 0.516</td>
</tr>
<tr>
<td>Responsible</td>
<td>Vision</td>
<td>Integrity</td>
</tr>
<tr>
<td>Self-Renewal 0.792</td>
<td>Role Model 0.721</td>
<td>Honesty/Integrity 0.640</td>
</tr>
<tr>
<td>Self-Controlled 0.784</td>
<td>Inspirational/Motivational 0.717</td>
<td>Dependable 0.638</td>
</tr>
<tr>
<td>Mature (Emotionally) 0.718</td>
<td>Rewards and Recognition 0.714</td>
<td>Good Judgment 0.615</td>
</tr>
<tr>
<td>Sensitive to the Environment 0.696</td>
<td>Vision 0.615</td>
<td>Fair Minded 0.602</td>
</tr>
<tr>
<td>Open-Minded 0.639</td>
<td></td>
<td>Loyal 0.583</td>
</tr>
<tr>
<td>Risk Taking</td>
<td>Challenges Tradition</td>
<td></td>
</tr>
<tr>
<td>Unconventional Behavior 0.666</td>
<td>Challenges the process 0.637</td>
<td></td>
</tr>
<tr>
<td>Personal Risk 0.618</td>
<td>Challenging Expectations 0.538</td>
<td></td>
</tr>
<tr>
<td>Independent 0.523</td>
<td>Courageous 0.454</td>
<td></td>
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</tbody>
</table>

Figure 1: Summary of Leadership Dimensions by Business Function

2005). Research suggests that the goals of marketing and manufacturing are in conflict to a lesser extent compared to the goals of Marketing and R&D (Maltz and Kohli 2000). Additionally, Lawrence and Lorsch (1986) found that marketing and manufacturing have
similar cultures which tend to be more formal compared to that of R&D.

Not surprisingly, marketing’s perception of important leadership attributes deviates most from those of engineering. The communication problems and different “world views” between engineering and marketing are well-documented in terms of their approach to product development and handling of conflict (Fisher, Maltz and Jaworski 1997; Dougherty 1992; Gupta, Raj, Wilemon 1986; Griffin and Hauser 1996). Studies have been conducted to improve interfunctional communication between these two areas (Maltz and Kohli 1996).

Examination of Leadership Perceptions when Technological Turbulence is High

Environmental uncertainty occurs when there is frequent and unpredictable market and/or technological changes in the new product development strategic planning process (Calantone et al., 2003). The literature has shown that characteristics of the environment can create considerable task demands on leaders and effect perceptions of leadership (Henderson and Fredrickson, 1996). In times of uncertainty, subordinates look to leaders to make sense of the external environment and to manage the change. We consider how the perceptions of high-performing leadership might change under these dynamic environmental conditions. We use a technological turbulence measure provided by Day (1994) and used by Song and colleagues (2005) to tap this environmental condition. The measure was converted to a 3-level categorical variable, defined as low, medium, and high where ‘low’ describes technological turbulence ratings 1 standard deviation below the mean, ‘high’ are those uncertainty ratings 1 standard deviation above the mean and medium refers to ratings that are within 1 standard deviation of the mean.

When technological turbulence was high the leadership perceptions became more pronounced (See Table 2). Recall that technological turbulence is grouped into three levels of low, medium, and high uncertainty. The result ‘med/high’ indicates that the finding is significant for both the medium and high group. The ‘high’ result indicates that only the high levels show a significant result for the particular leadership dimension. Marketing still differed significantly on charisma and vision, but now intelligence and integrity was perceived as important to the role of a market leader. R&D had a significant result for supportive and challenging the traditional way of doing things while manufacturing revealed significant results for supportive, charisma, intelligence, and risk taking under conditions of technological turbulence.

Managerial Implications

Marketing is our primary focus in this study and from the findings here we can deduce that employees in marketing feel their leader must be equipped with ‘Charisma’, ‘Vision’ the ability to ‘Challenge Tradition’ in order to be considered as a high performing marketing leader. The inclusion of vision and challenging the process suggests that marketing recognizes the need for their upper management to play a leadership role not only in their functional area, but across the organization. We further determined that manufacturing thinks very highly of charismatic and responsible leadership. Conversely, R&D shows a strong desire for intelligence in a leader which is not surprising, given that half of the R&D respondents had doctorate degrees. Engineering did not give any of the attributes very high importance ratings compared to the other business functions but they give comparatively low ratings to charisma and challenging the process. When there is high technological uncertainty marketing professionals seek a marketing leader that is charismatic, intelligent, possessing integrity and the ability to articulate a vision. The perceptions of high performing leadership held by marketing are closest to manufacturing. This is not that surprising given that marketing and manufacturing often have goals that are somewhat more congruent compared to other pairs of business functions in this study.

In summary, our findings contribute to the literature by uncovering the dimensions of leadership associated with high performance in various functional areas. As mentioned, we uncover three leadership dimensions (in marketing that are associated with perceptions of high leadership performance. These results may be used to improve leadership training programs in marketing and to better serve employees. An understanding of leadership perceptions across business functions may lead to improved management and performance of multifunctional and cross-functional teams. According to definitions put forth by Kahn (2009) multifunctional teams and cross-functional teams are made up of personnel from different departments but the multifunctional teams have more of a tie to their respective departments than to the interfunctional goal. A better understanding of what functions value in terms of leadership might help this type of functional coordination. The inclusion of the demographic and work environment variables lends
Table 2. Results for Leadership Dimensions by Business Function and Technological Uncertainty

<table>
<thead>
<tr>
<th>ANOVA Results</th>
<th>Business Function and Technological Uncertainty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Marketing</td>
</tr>
<tr>
<td>Supportive</td>
<td>--</td>
</tr>
<tr>
<td>Charisma</td>
<td>**High</td>
</tr>
<tr>
<td>Intelligence</td>
<td>*High</td>
</tr>
<tr>
<td>Responsible</td>
<td>--</td>
</tr>
<tr>
<td>Vision</td>
<td>*High</td>
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<tr>
<td>Integrity</td>
<td>*High</td>
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<tr>
<td>Risk Taking</td>
<td>--</td>
</tr>
<tr>
<td>Challenges Tradition</td>
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</table>

* Significant at .05
** Significant at .01

itself to managing employees during times of competitive intensity or technological turbulence.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

This study is exploratory in nature given the lack of research on leadership in the marketing organization or perceptions of leadership by functional area. Thus, much work remains to be done toward understanding what makes a marketing leader successful. The most apparent limitation of our study was the inability to obtain either subjective measures of effectiveness from study participants or objective evaluations of performance regarding their current leadership. Certainly it is important for a manager or leader to have ones followers or employees think you are effective or high-performing but it is also important to understand how this translates into improved performance for the organization. Objective measures of leadership might consider how successful the leader’s organizational unit performed in relation to stated goals or profit targets. Other objective measures might include sales relative to targeted sales, market share, or return on investment.

A second major limitation with our research concerns the focus on only two organizations for data collection and subsequent external generalizability of the results. Obviously, there may be potential bias due to the type of organization under investigation, its particular competitive environment, various firmographic characteristics, etc.

REFERENCES


A PREDICTIVE MODEL OF CUSTOMER LOYALTY

Ramendra Thakur, University of Louisiana Lafayette
Danelle Piacitelli, Freelance Writer

ABSTRACT

Though the Internet is the biggest success of the past decade and its usefulness are considered to bring beneficial revolution to practitioners, organizations, and to society. And organizations have spent billions of dollars on Web technology; there is a general lack of scholarly work empirically showcasing what companies should do to increase customer loyalty, in an online shopping environment.

Hence, the objective of this study is to ascertain the important predictors of customer satisfaction and customer trust, which drives consumer loyalty. To fulfill the objective, a survey instrument was developed. Structural equation modeling (SEM) was used for testing of the hypothesized relationships, and results were validated using Partial Least Square (PLS) method.

The results of the structural model indicated that six out of the nine hypotheses that tested were significant. SEM results indicated that communication effectiveness was the predictor of customer satisfaction and trust. However, communication effectiveness was not a predictor of customer loyalty. Results also indicated that customer experience was a significant predictor of customer satisfaction and customer loyalty. Results also indicated that customer experience was not a significant predictor of trust. From the results it can also be said that customer satisfaction is the predictor of customer trust, although customer satisfaction is not a significant predictor of customer loyalty. Customer trust was also found to be a predictor of customer loyalty.

To validate the findings of the SEM results, Partial Least Square (PLS)-Graph software was used for model validation. PLS bootstrap method has been used for validation. The bootstrap output of the PLS findings indicated alike results as SEM, thus ensuring the generalizability of the results to the population. Finally, the paper ends with the discussion, managerial implications, and limitations.

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AN EXPERIMENTAL ASSESSMENT OF INDIVIDUAL'S WILLINGNESS TO PARTICIPATE IN BEHAVIORS TO REDUCE CARBON DIOXIDE EMISSIONS

Andrew J. Burton, University of Arkansas-Fayetteville
Ally M. Burton, University of Arkansas-Fayetteville
Scot Burton, University of Arkansas-Fayetteville

ABSTRACT

Objective evidence concerning global warming and the need for reduction in greenhouse gasses has become increasingly evident. By 2030 worldwide energy consumption is expected to increase by 50%, and approximately 15% of total energy consumption is consumed by households, suggesting the importance for consumer participation in various activities to reduce CO2 emissions. Given this problem, this research examines individuals’ knowledge of the level of reduction in carbon emissions (CO2) associated with 22 currently recommended consumer behaviors (e.g., using fluorescent rather than incandescent light bulbs; wrapping a blanket around your water heater) and what factors may affect the willingness of individuals to participate in these specific activities.

We first assess consumers’ awareness and knowledge of the reduction in carbon emissions for specific activities. Results from this initial pilot study show that consumers are not accurate in their estimates of the amounts of carbon dioxide that would be saved by participating in each of the 22 recommended CO2-reduction activities, although the level of accuracy varies substantially across the activities. Drawing from attitude theory regarding effects of beliefs on attitudes and behavioral intentions, we propose that gaining knowledge of the pounds of carbon emission that are reduced by given behaviors, in conjunction with the consumers’ strength of the belief about global warming, will affect consumers’ willingness to participate in the behavior. Based on this rationale, we develop hypotheses and examine results for a mixed design experiment using a 2 (CO2 reduction information provision: one group shown the levels of CO2 saved and a control group not shown these values) x 2 (global warming belief: low or high) x 22 (a within subjects factor consisting of the specific recommended CO2-reduction). Subjects in the experiment are 92 junior and senior level students at a major state university. The average age of participants was 23 years, and 56% were males (44% females). The primary dependent variable is the reported willingness to participate in each of the 22 specific behaviors within the next month.

Results show a main effect of the belief about global warming and differences in the willingness to perform the different 22 activities, and the interaction between the activities and CO2 reduction information provision was significant ($p < .05$). Consumers are very willing to participate in some CO2 reducing behaviors, such as switching the washing machines from a hot/warm to a warm/cold cycle, or washing clothes only in cold water, but they are less willing to engage in other activities (e.g., insulate hot water pipes). The interaction effect of the activity and being shown the CO2-reduction levels suggests that the effect of information provision differs across activities. In addition, the strength of belief in global warming has an effect on the willingness to participate in the activity. We offer implications for consumer welfare and organizations attempting to promote consumer actions to reduce CO2 emission levels.
ETHICAL RESPONSIBILITY OF SALES MANAGERS
Gyongyi K. Fogel, California Southern University
Terry P. Johnson, Northcentral University

ABSTRACT
Many organizations today face budget cutbacks that decrease marketing dollars needed to promote products and services which create pressure to increase sales goals. This paper discusses ethical responsibilities of sales managers and ethical practices in sales management. Recommendations are made for ethical guidelines, marketing practices, and implications for research.

INTRODUCTION
Salespeople are increasingly finding themselves faced with ethical dilemmas in situations which require defining right and wrong conduct, especially when they uncover illegal activities occurring within their companies (Robbins & Judge, 2009).

Many sales people are asking themselves whether they should follow orders with which they do not personally agree, or give inflated performance evaluations with employees they like, or taking bribes to overlook theft of customers’ payments without delivering products or services. Salespeople have been involved in financial accounting scandals such as the Enron scandal where salespeople were accused of using widely optimistic estimates for the forward price of commodities and other activities giving the appearance that estimates were profitable when they were losing money (Zellner, Palmeri, France, Weber & Carney, 2002).

According to Kranacher (2010), finding ethical investment bankers may be difficult, especially in the views of skeptics who see constant reminders of Wall Street’s greed and seemingly reckless behavior. Questionable ethical behaviors are not some new phenomena that managers have to address today, and they have been discussed and debated as long as people have sold products and services. For example, in 1997 Michelle Marchetti made a profound but true statement when she said, “The likelihood of unethical behavior is directly proportionate to the size of the carrot,” (Marchetti, 1997).

Marchetti’s statement puts the concept of ethical responsibility in perspective, and it is a subject that will always have to be addressed by executive leadership, field sales managers (regional, district, and local), as well as the salespeople themselves.

LITERATURE REVIEW
Relationship with Customers: Ethical Dilemma

Perhaps one of the riskiest and most critical ethical questions that managers have to face is associated with their customers. The dilemma of sales managers to decide between driving salespeople to reach sales quotas or being completely honest with its customers has strained manager and sales rep relationships relative to sales rep performance, evaluations, and corrective action that document these questionable behaviors. Furthermore, managers themselves sometimes circum to the temptations of the carrot with respect to higher incomes or bonuses, the top district awards, the all expenses paid trip to the Bahamas, and the job promotions to the next level in the sales organization. Research shows that the major problem areas involving sales organizations’ relationship with their customers are information, gifts, and entertainment (Spiro, Rich, & Stanton, 2008).

Information Dilemma

Salespeople often withhold information from their prospects and customers in the face of advanced competitive pressure to make a sale, especially when their product features and benefits are not as attractive to as their competitors. While salespeople must be assertive, knowledgeable, and skillful in persuading their customers and prospects to purchase their products and services, some are not providing them with all of the information that enables them to make informed decisions. As reported by Spiro et al (2008), salespeople sometimes knowingly make recommendations that are not in the best interest of
some conscientious firms have set rules in place to differentiate a gift from a bribe, in that a gift is unexpected as opposed to an agreed-upon payment for business (Dalrymple, 2004). While purchasing managers are more willing today to accept gifts of clothing, pens, and calendars, it is increasingly difficult for sales reps to draw a clear line between right and wrong in changing business environments; some conscientious firms have set rules in place to prohibit buyers from accepting gifts, meals, or favors that might be viewed as a conflict of interest and question sales rep integrity (Dalrymple, 2004). Another example is the widespread handouts to medical colleges and universities by pharmaceutical reps and companies which have spawned the adoption of a zero-tolerance approach to industry handouts by several schools (i.e., Yale, Stanford, Pennsylvania, Pittsburg, and the University of California at Davis) forbidding faculty or residents from accepting cash, gifts, or free lunch (Kondo, 2008).

Gifts Dilemma

Although businesses traditionally have given gifts (e.g., novelties, samples, gift-wrapped bottles of wine and liquor at Christmas time, and football and other sports tickets, etc.) to buyers who express appreciation for past business, gift giving can become a means of buying the business (Dalrymple et al., 2004). For example, using the pharmaceutical reps again to prove a point, physicians are often visited by the reps who deliver free samples as a means of getting the physician to prescribe their brands with an added bonus of sending the entire office staff on a two-week all expenses-paid cruise to Alaska. As with a familiar doctor in the Augusta Georgia community, patients have observed that their primary physician prescribed certain brands of medicines shortly after a recent visit from a pharmaceutical rep. Furthermore, this same physician often will change to new products for the same illness that has been working well for the patient, but when the prescription is changed to the new products, the physician gets credit toward his trip to Alaska. Would this be considered a gift?

A survey of sales executives set the framework relative to what constitutes a gift as 64 percent of the survey respondents felt that any gift over $100 was considered a bribe and not a gift (Ligos, 2002). An alarming statistic in this same survey revealed that 89 percent of the sales executives had witnessed colleagues offer potential clients personal gifts valued at more than $100 to secure their business. Sales managers can help their salespeople differentiate a gift from a bribe, in that a gift is unexpected as opposed to an agreed-upon payment for business (Dalrymple, 2004). While purchasing managers are more willing today to accept gifts of clothing, pens, and calendars, it is increasingly difficult for sales reps to draw a clear line between right and wrong in changing business environments; some conscientious firms have set rules in place to

Entertainment Dilemma

A somewhat different ethical dilemma than gifts and bribes involves entertainment, which certainly is a part of sales work, and a large amount of expense dollars are devoted to it (Spiro et al., 2008). Furthermore, it is critical that sales reps spend these dollars wisely on accounts with clients or prospects with the most potential or their selling cost will be out of line. Although it is a standard practice in American business, entertainment can also lead to ethical problems, and most would agree that taking a customer to lunch is not only fair and reasonable, but also expected in order to increase business sales (Dalrymple et al., 2004). Moreover, difficult entertainment issues arise when customers ask for unique types of entertainment (e.g., topless bars) such as customer and sales person injury due to altercations, solicitations, and exposure to unwanted publicity such as a client’s picture appearing in a local newspaper article. For example, a study found that customer injury was 31 percent more likely than an employee during violent crime, and customer injury was more frequent in bars (Peek, Casteel, Kraus, Whitten, 2006). Thus, sales managers must train salespeople to avoid unethical entertainment due to risk to the selling company’s reputation as well as risks of jeopardizing a long and profitable relationship with customers.

IMPLICATIONS TO PRACTICE

Developing Ethical Standards

When sales organizations uncover challenges with ethical issues with their salespeople, managers must establish core values and ethical standards that will reverse unethical practices within those firms. Creating an ethical climate in which employees believe that typical practices and procedures are ethical, can be accomplished by writing and enacting policies that specify acceptable behavior, discourage unethical practices, monitors those behaviors, and
make necessary corrections to unwanted practices (Spiro et al., 2008). In establishing an ethical climate, company executives often follow proven practices to set the ethical tone for the entire organization, especially the sales force that has the most contact with their customers or prospects.

**Executive Leadership: Setting the Ethical Tone**

If a firm wishes to set the tone for ethical behavior within its internal and external environments, it must demonstrate that desire through its executive leadership ranks with respect to a role-model type of ethical behavior that is visible to the entire organization. According to Mulki, Jaramillo, and Locander (2009), leaders play a critical role in setting the tone for ethical climate in organizations, and each functional leader must work to not only develop guidelines, but also effectively communicate that message down the ranks. Sales executives are no exception in that they must consistently deliver that message to the sales organization relative to ethical behavior. Mulki et al. (2009) also identified, for example, an instrumental leadership style that can help firms develop an ethical climate where it sets clear boundaries of ethical behavior and communicates this message clearly and consistently to the sales force. There must be consistent review of sales organization behavior by sales executives to plan, implement and evaluate the ethical status proposed.

The following questions can assist sales executives in providing a clear vision of the direction of the sales force before setting policy (Spiro et al. 2008):

- Is the ethical behavior realistically sound for the long run?
- Would I do this to a friend or family member?
- How would I feel if this were done to me?
- If this action were publicized in national media, would I want this?
- Would I tell others about this?
- Who will be damaged by this action, and at what cost?

Clearly, other questions could be added to this list, and sales executives must introduce a set of questions that reflect their company dynamics, culture, and diversity to design and infuse ethical standards throughout the company.

**Writing Ethical Guidelines: Codes of Ethics**

Once the executive leadership has planned and evaluated the ethical environment of its firm and established the vision and direction for the company, the construct of the ideology must be clearly communicated. One way to communicate that message is to create a written record, a codes of ethics of the ethical guidelines that are to be followed by all employees. For instance, an earlier survey by the Ethics Resource Center (ERC) showed that 84 percent of firms surveyed had established codes of conduct, and 45 percent have ethics officers in place to monitor ethical conduct (Marchetti, 1997). A recent ERC survey (“ERC’s update to the National Business Ethics Survey,” 2009) indicated that in less prosperous economic times, fewer employees had experience misconduct on the job (declined from 56 percent in 2007 to 49 percent in 2009), more employees said they reported misconduct (up in 2009 to 63 from 58 percent in 2007), strength of ethical culture in the workplace increased (53 percent in 2007 to 62 percent in 2009), and overall pressures to cut corners with ethical violations declined as well (from 10 percent in 2007 to 8 percent in 2009). While writing a code of ethical conduct is critical for organizations to improve ethical standards, studies show that it is not an easy task, and higher levels of ethical behavior have been found in firms that have implemented codes of ethics (Schwepeker, 2001). Some key points in a written code of conduct may include elements that reflect what the American Marketing Association (the largest association of professional marketers in the world) has adopted (Spiro et al., 2008):

**Professional Conduct**

*Marketers’ professional conduct must be guided by:*

1. The basic rule of professional ethics: not knowingly to do harm;
2. The adherence to all applicable laws and regulations;
3. The accurate representation of their education, training, and experience; and
4. The active support, practice and promotion of Codes of Ethics

**Honesty and Fairness**

*Marketing shall uphold and advance the integrity, honor and dignity of the marketing profession:*

1. The basic rule of professional ethics: not knowingly to do harm;
2. The adherence to all applicable laws and regulations;
3. The accurate representation of their education, training, and experience; and
4. The active support, practice and promotion of Codes of Ethics
1. Being honest in serving consumers, clients, employees, suppliers, distributors, and the public;
2. Not knowingly participating in conflict of interest without prior notice to all parties involves; and
3. Establishing equitable fee schedules including the payment or receipt of usual, customary and/or legal compensation for marketing exchanges.

Rights and duties of parties in the marketing Exchange Process

Participants in the marketing exchange process should be able to expect that:

1. Products and services offered are safe and fit for their intended uses;
2. Communications about offered products and services are not deceptive;
3. All parties intend to discharge their obligations, financial and otherwise, in good faith, and
4. Appropriate internal methods exist for equitable adjustment and/or redress of grievances concerning purchases.

These ethical standards serve as guidelines for marketing, which overlap with sales in many respects, and further development will need to be undertaken to design ethical standards for sales forces.

Reinforcing Ethical Standards

Written codes of ethics serve as the main points of the standards set forth by executive management, and to have weight within the sales organization, a plan must be established to reinforce the ethical climate. For example, sales reps that violate the code should be reprimanded, and if they do not cease their unethical behavior, they should be fired (Spiro et al., 2008). It is only as effective as it is enforced, and otherwise, it is meaningless. Furthermore, most salespeople are not willing to take any code of ethics seriously if they see their immediate managers and other executives conducting themselves unethically. A national survey found that of the 4,000 business employees who responded, 25 percent felt their companies ignored ethical conduct to meet company goals, and 17 percent believed their companies encouraged unethical practices (Schwepker, 2001).

Training for Ethical Behavior

Sales managers often provide consistent training to reinforce ethical behaviors to reduce the frequency of occurrence. Due to the complexities of sales situations and strong competition (particularly in international situations), sales managers need to constantly train their sales force by utilizing the following (Spiro et al., 2008):

- Use case studies to review results of unethical behaviors;
- Role play frequently with sales managers and other sales reps;
- Use games to simulate pressure from customers, employees, and situations; and
- Effectively use individual performance evaluations that tie the unwanted behavior to wage increases and bonuses; and
- Document unethical behaviors utilizing employee/manager feedback, and human resources involvement to stress the magnitude of the unethical behaviors.

The incentives and behavioral modifications practices noted above can stimulate unethical environments as well as simulate ethical dilemmas, and they can increase ethical sensitivity and skills needed to avoid unethical methods.

CONCLUSION

Ethical responsibility for the entire organization does not rest upon one single functional area, but for a company to establish core values and ethical standards, all employees are responsible for changing the company culture and behavior. With respect to the sales force, the sales manager is responsible for establishing an ethical culture that reflects the standards set by the executive leadership of the company. In order to be effective, sales managers must address key factors that create dilemmas for salespeople and managers when working with internal as well as external customers. Managers must also effectively manage the Sales force relationship with their customers, and it is perhaps one of the riskiest and most critical ethical questions that managers have to face are associated with their customers. Relative to Information Dilemma, salespeople often withhold information from their prospects and customers in the face of advanced competitive pressure to make a sale, especially when their product features and benefits are not as attractive to as their competitors.
Furthermore, there are gift dilemmas of which managers must make the sales force aware, and although businesses traditionally have given gifts to buyers to express appreciation for past business, gift giving can become a means of buying the business and can create legal issues if not properly managed. When guidelines have been planned and evaluated, managers must then create a written record of those ethical guidelines in the form of Codes of Ethics, and the construct of the ideology must be clearly communicated to the sales force. These codes must reflect personal conduct, honesty and fairness, as well as rights and duties for all those involved.

Managers must reinforce the codes with consistent training, role play, and use of case studies to review evidence of unethical behaviors, simulation training, and performance evaluations. Therefore, creating an ethical environment demands the commitment of all employees involved, with top management (and sales executives) setting the example for the entire company. It requires the organization to plan, implement and evaluate proposed standards so that the firm can reach its sales force goals of establishing an image of following ethical standards throughout the firm. Future research on ethical behavior in sales management may examine the relationships between sales managers’ performance and ethical conduct. Another area of inquiry could be examining relationship among customer satisfaction and sales ethics.

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THE MODERATING INFLUENCE OF GENDER ON THE RELATIONSHIP BETWEEN STUDENT MARKET ORIENTATION AND PERFORMANCE WITHIN AACSB MEMBER SCHOOLS

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ABSTRACT

This manuscript reports the results of a national survey of AACSB business schools examining the impact of student market orientation on overall business school performance, employee esprit de corps, and employee organizational commitment. We extend previous research by examining the possible moderating influence of gender on department chair perceptions of the relationship between student market orientation and performance (overall performance, esprit de corps, and organizational commitment) within AACSB member schools.

The research objective is stated in terms of the following null hypothesis, consisting of three parts: Gender of the department chair does not affect the perceived relationship between student market orientation components (customer orientation, competitor orientation, inter-functional coordination) and (a.) overall business school performance; (b.) esprit de corps; (c.) organizational commitment, within AACSB member schools.

Scores are calculated for all variables. We then address the research objective, examining any possible moderator effects of gender on relationships between the market orientation components and the performance measures (overall performance, employee esprit de corps, employee organizational commitment). In analyzing gender as a possible moderator variable, we follow the methodology used by Sharma, Durand, and Gur-Arie (1981) and Slater and Narver (1994), employing moderated regression analysis, testing for relationships with the dependent or independent variables, and then testing for possible homologizer effects (Hambrick and Lei 1985). Results are provided and implications are discussed.

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GENDER EFFECT ON SERVICE QUALITY DURING SERVICE ENCOUNTER: TESTING SIMILARITY VS. FLIRTING THEORY IN A CROSS-CULTURAL STUDY

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ABSTRACT

Recent research suggests that customers possess different biases that may affect their evaluation of service quality during encounters, such that customers may indicate a preference for a service provider of a specific gender. In some service cases customers prefer to interact with the same gender service provider, in other service cases customers prefer to interact with a service provider of the opposite gender. There seems to be two sets of theoretical frameworks, albeit competing, to explain gender stereotyping or gender bias during service encounters. While gender similarity theories suggest that customers would prefer the same gender service providers, flirting theory as gender-stereotyped role behavior predicts that customers would prefer the opposite gender service providers. This exploratory study examines which of these two competing theoretical frameworks better explain the effects of similarity/dissimilarity between customer gender and service provider gender on service quality. Also, since gender effect on service quality could be influenced by cultural values of the society, the potential effect of culture on gender effect on service quality will be examined by comparing the perceptions of Turkish and American respondents. Therefore, this study examines whether or not respondents in Turkey and in the U.S. generally received better quality and more satisfying service from male or female service providers in ten service industries.

In order to accomplish the objectives of this study, the survey instrument includes questions to determine the effect of gender similarity/dissimilarity on service quality during service encounters. Based on their experience, the respondents were asked to indicate whether they had received better quality and more satisfying service from male vs. female service providers for each of the ten service areas. To investigate these two competing theories, the services included in the study are banking, men’s clothing, women’s clothing, coffee shop, fast-food restaurant, cell-phone service, pharmacy, doctor, dentist, and professor/teacher. The above survey was administered to college business students in Turkey and in the United States. This sampling process produced a total of 497 useable surveys, 230 surveys (46.3%) from the Turkish university and 267 surveys (53.7%) from the U.S. university.

The findings of this study provide important insights into the effects of customer and service provider gender on service quality during the service encounter in two countries. The results indicate an existence of gender effect for both Turkish and U.S. respondents, the majority of which are in the direction of male service providers. The study shows that men are perceived to provide better quality and more satisfying service than women in many of the service industries included in the study. The findings also indicate that effects of gender on service quality seem to be somewhat similar in both countries with some exceptions. Also, the results do not show any consistent patterns to support either similarity attraction or flirting theory. The findings also suggest that while similarity attraction appears to be more common for male respondents in both countries, flirting theory seems to be more common for female respondents. This is true in both countries, suggesting that cultural differences do not seem to play a significant role for gender effect on service quality.

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Marketing Management Association 2011 Proceedings 174
RELATIONSHIP QUALITY IN B2B SERVICES:
IMPACT OF CUSTOMER-SUPPLIER DIFFERENCES

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ABSTRACT

What makes a business-to-business relationship successful? Developing and managing long-term relationships with business partners (e.g., suppliers, channel partners, customers) is one of most important issues for organizations, customers and suppliers alike. Many scholars, both academic and practitioner, stress the importance of long-term relationships for an organization’s long-term profitability and competitiveness (Anderson and Narus 1990). Of all the constructs that are associated in the scholarly work on long-term relationships, relationship quality is widely associated with defining the scope of longevity of business relationships.

Much of the research investigating the antecedents of business to business relationship quality was dedicated to the factors affecting one side of the dyad. The view that the quality of relationship between organizations is a function of social distance and cultural differences is often asserted in research (Smith and Barclay 1997). However, research investigating the role of inter-organizational differences in building strong business-to-business relationships surprisingly is limited in its scope (Homburg et al 2003). This research investigates the suppliers’ perspectives of inter-organizational cultural and process differences and their impact on relationship quality between organizations. Specifically, this research extends the literature on inter-organizational differences and their impact on relationship quality by considering the impact of cultural differences, namely organizational culture and group cohesion, and process management differences, namely process control standards and fact based decision making, on the relationship quality between two organizations in business to business services.

Data from a cross sectional study using 294 service personnel working at the customers’ locations are used to test the proposed model. Service personnel rated both customer and employer organizations on four independent variables. The absolute differences in the ratings for each of the scale items are used to estimate the four independent constructs. Relationship quality is measured using a second order formative construct comprising of trust, commitment and communication quality as first order constructs. All the constructs are measured using established scales in the literature. The model is tested using PLS methodology and results show interesting findings.

Results suggest that differences in organizational culture and process control standards negatively influence the quality of relationship in customer-supplier dyads. Group cohesion and fact based decision making are not found to be significant in the results. Results indicate that higher order organizational variables are more important that work level variables in ensuring quality relationships between organizations. Service industry is becoming more and more transparent to global boundaries and organizations are working with other organizations from variety of geographical locations. In view of this, the results from this study suggest organizations must align their supply chains with more similar organizations than otherwise. This research extends the scope of the current literature in inter-organizational relationships from merely looking at the characteristics of organizations to understanding how the differences in these characteristics between organizations affect the relationship quality.

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ABSTRACT

A public pricing system is proposed. The main idea is to construct an Erratic Business Index (EBI) model that measures the attractiveness of freight rail transactions for different types of commodities. An unattractive business receives a high value of EBI, and is suggested for public pricing so as to reduce administrative cost and enhance the overall productivity. Sample data collected from freight rail businesses were used to validate the model.

INTRODUCTION

Freight rail provides shippers with cost-effective transportation, especially for heavy and bulky commodities. Meanwhile, it is fuel-efficient and generates less air pollution per ton-mile than trucking, thus being a critical factor in attracting and retaining industries that are central to state and regional economies (ASSHTO 2003). However, there are many business transactions that are unprofitable, as amortized cost for such a capital-intensive industry requires high-volume businesses. Since the labor and administrative costs do not vary much in terms of the acquisition of the business, a 100-carload shipment with a 6-time recurrence annually will be much more attractive to railroad companies versus a business of 2-carload shipment once per year.

An automated system to handle small business deals will benefit both railroad companies and small customers as the cost savings from manual quoting and negotiation can be transferred to a drop in price for these customers. Additionally, managers can concentrate on larger and more complicated marketing initiatives that create other potential values for the company. Nowadays, realization of all these strategic shifts is made possible by the advancement of complex computing technology in recent years that provides growing ease of developing automated pricing models.

In this paper, we formulate a model to identify the attractiveness of a business in terms of its stability and profitability. We propose business index to draw a line between the business that should go public pricing and those worth the time and effort to further negotiate.

The remainder of the paper is organized as following: Section 2 provides a brief background on the freight rail industry; Sections 3 proposes the concept and construction of the Erratic Business Index (EBI) as well as the modeling method; Section 4 uses sample data from the freight railroad business to illustrate example results; Section 5 gives some conclusions and future work.

BACKGROUND

The U.S. freight railroad industry has undergone a remarkable transformation since 1980 when Congress released the Staggers Rail Act in response to a perceived crisis. The most important features of the act were the granting of greater pricing freedom, streamlining merger timetables, expediting the line abandonment process, allowing confidential contracts and multi-modal ownership.

The railroads immediately divested themselves of unprofitable passenger businesses, and began to concentrate on bulk freight which was profitable and not subjected to competition from other modes.

Issues in Rail Rates and Productivity

Whereas the post-deregulation success revitalized the rail industry with a thrilling prospect, studies conducted by the Surface Transportation Board of U.S. Department of Transportation in 2009 found that, after a long-term downward trend, the railroad rates have kept increasing steadily since
2004 (STB 2009). Through a series of investigations, they concluded that “the increase in railroad rates experienced in recent years is the result of declining productivity growth and increased costs rather than the increased exercise of market power” (Christen Associates Inc. 2009).

While the increase of input cost is necessarily an outcome of rising prices in the economic market, the decline of productivity growth is associated with evidences at a managerial level. Following the release of price regulations, revenue sufficiency of railroads is largely achieved through differential pricing, where different customer groups face different levels of price markups over marginal costs. On the other hand, rail freight has faced a surge in demand. The increased traffic imposed extraordinary complexity and cost to the pricing generating and contract negotiating processes in a tedious manner that consequently depressed management efficiencies.

**Public Pricing System**

Continued investment on infrastructures is needed to upgrade the current capacity and improve service performances. In this scenario, the railroads’ ability to generate profits will be critical since profits provide both the incentives and the means to make new investments.

In accordance, a solution to the aforementioned issues is proposed by establishing a public pricing system in which freight rail prices are pre-calculated, categorized and made available for viewing by the general public. Initial impetus for such a system involves the tedious nature of case-based hand pricing that is currently used.

Unlike airlines, cargo ships or other forms of bulk transportation, railroads have a widely distributed network that includes tens of thousands of Origin-Destination (OD) points. When these OD pairs are added to thousands of different commodities moving in hundreds of different car types through a maze of varying cityscapes, pricing complexity becomes clearly intimidating. The coordination efforts between functional departments such as marketing, sales and information technology through efficient share of automated demand and price information will inevitably induce a certain level of inefficiency.

Public prices in the railroad industry attempt to make prices available for nearly all commodities between all possible origin-destination pairs, at a price level that is fair for the commodity being shipped. However, we cannot achieve such a complex pricing system in one day, thus we tried to accommodate the unattractive business in the first place with the help of EBI, and will extend the results to more commodities as the technology advances.

**METHOD**

A large amount of freight movements appear in an erratic form in terms of route, timing, and volume. Each of them generates a quote of price that needs to be calculated by hand at a considerable manpower cost. Our work intended to develop an index that differentiates the pricing strategy for different types of commodities based on their logistic nature and financial contributions.

Since this was an innovative approach in the freight rail industry, its current form was subject to further improvement, and we were also exploring other methods to obtain better results. We believed that implementations following such a mindset can help railroads to identify and focus on a segmented group of valued businesses, and hence improve the overall pricing effectiveness as well as management efficiency.

**Erratic Business Index**

The Erratic Business Index (EBI) proposed in this paper ranges from 0 to 100, and measures the attractiveness of a given freight transaction. Indeed, it is a weighted combination of the stability and the profitability of the transaction: the more stable and profitable a business deal is, the less erratic it is, thus a lower value of EBI.

It follows that transactions with low EBI values are suited for confidential contracts for several reasons. First, this segment of the freight market is stable in terms of route choices, carloads, seasonal variation, etc. Therefore the price generating and negotiating process is generally straightforward and less costly. Second, customers of these businesses are typically valued partners that bring considerable retained earnings to the railroads, and contracting helps to maintain such a long-term strategic partnership.

Conversely, a higher value of EBI indicates unattractive businesses that possess large randomness in its occurrence, location, and scale. Such transactions typically impose considerable administrative cost and risk on price negotiating and service coordinating, which is barely covered by the slim economic contributions they bring. Therefore these transactions are suggested for public pricing.

Depending on the availability of data, the modeling of EBI can involve dozens of components. Assimilating all of them will add unnecessary complexity and redundancy to the model, which will
significantly compromise the overall computing efficiency. As a result, we only focused on the factors that incisively shape the transactional condition of a market.

**Construction of Erratic Business Index**

For commodities such as coal, automobiles and steels, it requires enormous construction costs for fixed facilities, and hence their manufacturing locations are relatively stable in the short-term. Moreover, their products are typically of huge volume and vary slightly over the year. As a result, shipments for these bulky commodities are stable in volume and easily consolidated, reducing marginal costs for the railroads.

In contrast, shipments of paper, consumer products and farm products are less stable in location since these industries have relatively lower barrier of entry with respect to capital investments. Furthermore, the scale of their products is much smaller in terms of both volume and value, and is susceptible to seasonal variations as well as unpredictable changes in market demands. Therefore shipments for these commodities are more likely to fluctuate heavily, making it unsuitable for contracts due to the manpower costs that could otherwise be saved.

Freight commodities were accordingly categorized into groups to differentiate their contribution to the market attractiveness. Our current EBI model incorporates the following measurable variables within each commodity group to generate the resulting EBI value: (1) Available origins and destinations; (2) Profile of route mileages; (3) Historic record of profit margins; and (4) Record and prediction of carload amounts. As an initial step, we started the modeling process based on single destination so as to control the number of variables as well as to make the results incisive. In a following step we will extend the method to involve all commodities and destinations, which is to be presented in the next report of the work.

**Modeling Approach**

Given a specific destination, we constructed the EBI model for any commodity (denoted as \( \mathcal{C} \)) in an additive form:

\[
\text{EBI} = \left[ \lambda_1 \cdot f_N(N_\mathcal{C}) + \lambda_2 \cdot f_M(M_{\mathcal{C},i}) + \lambda_3 \cdot f_K(K_{\mathcal{C},i}) + \lambda_4 \cdot f_f(f_f) \right] \times 100
\]

where:

- \( N_\mathcal{C} \) – number of origins for commodity \( \mathcal{C} \)
- \( M_{\mathcal{C},i} \) – route mileage from origin \( i \) to the given destination for commodity \( \mathcal{C} \)
- \( K_{\mathcal{C},i} \) – carloads generated for each O-D pair for commodity \( \mathcal{C} \)
- \( f_f \) – carloads forecast for each O-D pair in the future 12 months

\( \lambda_j \) is the weight for each component, with \( \sum_j \lambda_j = 1 \).

\( f_N(N_\mathcal{C}) \) is a real-valued function, \( j \in \{N, M, \pi, K\} \)

\[
\lambda_j \in [0, 1]
\]

A higher value in \( f_j(\cdot) \) indicates the contribution from component \( j \) to a higher value of EBI, hence a less attractive transaction. The weight \( \lambda_j \) describes the scale of that contribution. We constructed the \( f \) function in a basic monotone form for simplicity, and multiplied it with a binary indicator function to avert multicolinearity. Indeed, we constructed \( f_M \) as:

\[
f_M(M_{\mathcal{C},i}) = \left( 1 - \frac{i}{M_{\mathcal{C}}} \right) \cdot \left( \frac{i}{N_\mathcal{C}} < \mu \right)
\]

where \( \mu \) is the threshold parameter to be calibrated. The idea is that, when there are excessive choices of origins for a certain commodity to a given destination, any of them is easily substitutable and barely provides a stable market. This often happens to popular destinations with fast-consuming commodities such as paper, clothes, and farm products that have a low barrier of entry.

With a similar philosophy, we constructed \( f_M \) as:

\[
f_M(M_{\mathcal{C},i}) = \left( 1 - \frac{i}{M_{\mathcal{C}}} \right) \cdot \left( \frac{i}{N_\mathcal{C}} < \mu \right)
\]
Transactions from origins closer to the destination typically exhibit larger uncertainty since they have more choices of alternative transportation modes such as trucking and barge. Moreover, commodities with a good record of profit margins and carloads in the history are more likely to remain the trend in the future, which explains both equation (5) and (6):

\[
f_{\pi}(\pi_1; \pi) = (1 - \frac{\pi_2}{\pi}) \cdot \mathbb{1}(0 < \frac{\pi_2}{\pi} < \mu_{\pi}) \quad (5)
\]

\[
f_{\text{R}}(K_{\text{p}}, K_{\text{f}}, K_{\text{maxD}}, K_{\text{maxO}}) = (1 - \frac{\max(K_{\text{p}}, K_{\text{f}})}{\min(K_{\text{maxO}}, K_{\text{maxD}})}) \times 
\mathbb{1}\left(\frac{\min(K_{\text{maxO}}, K_{\text{maxD}})}{\max(K_{\text{p}}, K_{\text{f}})} < \mu_{\text{R}}\right) \quad (6)
\]

**NUMERICAL RESULTS**

We collected sample data from a limited number of freight rail companies to validate and calibrate our model. Each entry of the sample data represents a record of transaction including the following information:

1. Fiscal year and month
2. Standardized Transportation Commodity Code (STCC)
3. Origin, destination, and mileage
4. Count of carloads
5. Online car-miles and car-days
6. Net revenue and economic costs

As an illustrative example, the following figures describe the results of the estimated model for differentiated market attractiveness. It is worth noting that the results are based on data from a selected single commodity and single destination.

In Figure 1, the top graph illustrates the count of OD pairs varying with EBI. For example, the central spike at EBI=49 means that there are totally about 180 OD pairs that are shared among all the transactions with an EBI value of 49. In general, the graph appears in a shape close to a normal distribution with slightly elevated tails. We can observe that the low-value end corresponds well with a limited choice of OD pairs.

The middle graph describes the relationship between the sum of carloads and EBI. It shows that carload amount drops when EBI diverges from its median value, especially toward the high-value end.

The bottom graph illustrates the variation of total revenue and profit over EBI. It is clear that both the revenue and profit show a double-peak pattern: one at the low-value end and the other in the middle. In contrast, transactions with high EBI values generate flat economic contributions.

Overall, the graphs in Figure 1 indicate segmented patterns of the market by EBI, as is denoted by the dashed thresholds. For those EBI < 30, there are few choices of OD pairs and considerable volume of carloads and profits, which indicates a group of attractive freight businesses. Hence we suggested that this segment of market remain contracting.

In comparison, for those EBI > 70, the choice of OD pairs has increased while the carloads and profits significantly drop, indicating an unattractive market, so we suggested that transactions in this segment go public pricing. While for those businesses falling in the transitory part (30 < EBI < 70), the model by itself is insufficient to induce a solid decision, hence it is more reasonable to treat them on a case-by-case basis. Specifically, the values of the two thresholds here are approximately determined to make the illustration simple and clear. In real practices, they will be determined in combination with managerial interpretation of the results.

This philosophy of segmentation was further justified by a plot of the profitability ratio. Figure 2 zooms in the revenue and profit profile and plots the profit margin ratio obtained through dividing the profit by revenue. The ratio serves as an indicator of a railroad’s pricing policies and its ability to control costs. For EBI>70, the profit margin falls downward

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1 Details of the data source is unrevealed to respect the privacy policy of the companies
rapidly across the zero line. It implies that this segment of market may not generate sufficient profit to remedy the huge administrative expenses during the pricing process, thus is presumably a major drain on railroad productivity and resources.

The ultimate objective of the public pricing system is to enhance pricing efficiency throughout the freight rail market. We also hope that it can potentially impact the behavior of these markets such as demand consolidation, transition to intermodal transportation, optimized route selection, etc.

**CONCLUSIONS AND FUTURE WORK**

We proposed an Erratic Business Index model to measure the attractiveness of freight rail transactions. It incorporates the contribution of origin-destination pairs, route mileage, record of profit and carloads in an additive model to decide whether a transaction is suggested for public pricing as opposed to contracting. In this way, railroad managers can save time and cost from the tedious price generating and negotiating process, thus improving the overall productivity.

Future work involves making the model robust across all commodities, as well as making it more numerically rigorous by introducing other statistical techniques. It is also important to explore other plausible components for the model as well as analyzing the correlations between the current components.

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FAIRER STILL: EXPLORING PRICE FAIRNESS PERCEPTIONS FOR GOODS AND SERVICES

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ABSTRACT

While price fairness perceptions have been studied intensely in the marketing literature, comparatively little is known regarding how these perceptions vary from service-oriented to goods-oriented firms. Since the economies of most developed nations are increasingly service based, understanding how customers view the pricing practices of service firms is vital. As such, the primary aims of this research are to investigate (1) how price increases affect price fairness perceptions, particularly in contexts with varying degrees of service-orientation and (2) the impact of multiple facets of price fairness perceptions on customers’ attitudes toward the firm.

Based on prior research concerning price fairness perceptions, we put forth four hypotheses. H1: In the context of increasing prices, price fairness perceptions are higher for services than for goods. H2: In the context of increasing prices, price fairness perceptions are more strongly related to (a) commitment to the retailer, (b) relationship quality (RQ), and (c) customer satisfaction for services than for goods. H3: In the context of increasing prices, price fairness perceptions are higher for loyal customers of services than of goods. H4: In the context of increasing prices, price fairness perceptions are more strongly related to (a) commitment to the retailer, (b) RQ, and (c) customer satisfaction when product involvement is high, rather than low. To test these hypotheses, a two (goods-oriented retailer/service-oriented retailer) by two (loyal/non-loyal) between-subjects experimental design was used with a scenario indicating that a retailer was increasing its prices by 50% as its basis. A clothing store (dry cleaner) was used to depict a goods-oriented (service-oriented) retailer. Three hundred thirty-seven responses to the experiment were collected using the student referral method. All measures were drawn from extant literature and performed well with regard to unidimensionality, reliability, convergent validity, and discriminant validity.

The results of this investigation indicate that price fairness perceptions of price increases at service-oriented firms are greater than those of goods-oriented firms. Price fairness perceptions also have a stronger effect on relationship quality for service-oriented firms. There is virtually no difference in the price fairness perceptions of loyal and non-loyal customers of goods-oriented firms, but the price fairness perceptions of loyal customers are greater for service-oriented firms. As consumers’ involvement with the product category increases, the effects of price fairness perceptions on commitment to the retailer, RQ, and satisfaction are enhanced.

This research has many implications for retailers. First, goods retailers are at a comparative disadvantage to services retailers when it comes to price increases, though price fairness perceptions have a stronger impact on customers’ perceived RQ amongst services. Thus, while services retailers may have an edge over goods retailers when it comes to customers’ perceived fairness of their price increases, unfavorable price fairness perceptions have a bigger impact on retailers of services. Also, loyal customers perceive price increases to be fairer than non-loyal customers only for services retailers, so goods retailers should not overemphasize the benefit of loyal customers with regard to price increases. Further, the impact of price fairness perceptions on customers’ commitment, RQ, and satisfaction becomes stronger as customers’ involvement with the product increases. Thus, retailers of products which tend to elicit high levels of involvement should pay special attention to customers’ price fairness perceptions.

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CHRONIC REACTANCE, OUTCOME FOCUS, AND THE CONSTRUCTION OF REWARD PREFERENCES IN LOYALTY PROGRAMS

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ABSTRACT

Loyalty programs have become one of the most widely used customer relationship management (CRM) tools for marketers over the past decade. Yet, research examining the impact of consumer psychological characteristics on loyalty program participation remains scarce. This study presents a conceptual framework which integrates the personality traits of chronic reactance and outcome focus in predicting the reward preferences of consumers in the context of loyalty programs. In particular, we propose that the fit between consumers’ outcome focus and the reward offered by a loyalty program enhances their willingness to participate in and preference toward the program.

Loyalty programs are known to trigger situational reactance among consumers since individuals perceive them as an external attempt to control their consumption choices. The magnitude of situational reactance experienced by consumers is in part determined by their level of chronic reactance. The present research suggests that people with high and low chronic reactance adopt different outcome foci as manifested in their consumption decisions. Accordingly, we expect high and low chronic reactance individuals’ preferences toward hedonic versus utilitarian loyalty rewards to be influenced by their outcome focus.

While high chronic reactance people are expected to exhibit sensitivity toward positive outcomes, low chronic reactance individuals are predicted to emphasize a negative outcome focus in their consumption decisions. Therefore, consumers with low chronic reactance are more likely to join loyalty programs compared to those with high chronic reactance. However, loyalty program marketers can potentially attract both types of consumers by offering rewards that fit these individuals’ outcome focus. More specifically, we propose that high chronic reactance consumers are more likely to prefer loyalty programs that offer hedonic rewards, which match their positive outcome focus. On the other hand, low chronic reactance consumers are expected to express a greater preference toward loyalty programs that provide utilitarian rewards, which complement their negative outcome focus. Consequently, offering rewards that fit consumers’ outcome focus may help marketers overcome chronic consumer reactance and increase participation in loyalty programs.

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SEARCH ENGINES AND SOCIAL NETWORKING SITES: MARKETING OPPORTUNITIES AND LEGAL/ETHICAL THREATS

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ABSTRACT

In the earlier part the Twenty-first Century, international trade has turned to the Internet as a main portal of its commerce. As of October 2010, twenty countries, including China, the United States and Russia, account for about 76 percent of all world Internet users, leaving 226 countries accounting for about 24 percent of Internet use (Internet World Statistics 2010). China and Russia’s rate of growth in Internet users for the period 2000-2010 is over 1,000 percent, each. Yet, with about one third of its population having access to the Internet, China still represents the largest world user, followed by the United States.

Nielsen Online (2010) reports that global Internet users spend 38 hours per month, on average, on their personal computers, and one hour surfing the web (also on average), resulting in visits to about 1,600 per person per month. Cisco Systems (2009) affirms that consumer broadband usage and global IP network traffic will increase fivefold by 2013 due to new forms and expanded usage of interactive media, and the explosion of video content across multiple devices.

Our goal here is to bring to the forefront several issues that are arising regarding privacy, consumer trust, competitive actions and potential monopolistic practices as Internet penetration continues to grow, as business organizations operating in a global environment rely more heavily on the Internet and on new media for initiating, facilitating and maintaining contacts with customers, and as new technological improvements will allow companies to track more efficiently their customers over cyberspace. We start our discussion with a look at organic search engines and social networking. Then, our presentation focuses on areas of concern in the United States and around the world. We close by providing some final remarks.

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FRIENDSHIP ONLINE AND OFF: A QUALITATIVE STUDY OF STUDENT ATTITUDES

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ABSTRACT

Two focus groups of Generation Y college students were conducted in exploration of the meaning of the pinnacle of human relationships, friendship, in “real life” and online social networking. Students showed to be “old fashioned” in their approach to traditionally defined friendships and dismissive of the value of online friendships.

INTRODUCTION

“To like and dislike the same things, that is indeed true friendship.” Sallust, 43-42 BC

Social networking over the Internet has revolutionized communications among people and offers unrivaled opportunities for businesses to enter into intimate personal dialogue with their customers. This research attempts to ascertain the current state of one type of interpersonal relationship, friendship, since it is one of the most pervasive and important kinds of relationships (Sharabany 1994). A deeper look at the nature of friendship is needed because considerations of tie strength as measured by frequency of contact, number of people reached, etc. (Granovetter 1973) are inadequate since they lack essential affective components.

Since Generation Y students are the most heavily immersed in the digital revolution, attention was focused on their views on friendship. Posed questions included: “What do Gen-Y students look for in online and real life friendships?”, “What defines a friend to them?”, and “What role does social networking play in their overall relationships?” The purpose is to ascertain the validity behind the fears expressed in popular media that young people no longer have the social exchange that earlier generations did and that real relationships are being replaced by virtual relationships.

FRIENDSHIP

“Friendship” is a rather imprecise term that is used in a variety of ways, running the range from an intimate associate and confidante to “buddies” with whom one associates somewhat loosely and in limited settings (Rybak and McAndrew 2006). Hays (1988, p. 395) defines friendship as “voluntary interdependence between two persons over time, that is intended to facilitate socio-economic goals of the participants, and may involve varying types and degrees of companionship, intimacy, affection and mutual assistance.” This definition reflects the hallmarks of friendship features that seem to be supported by the consensus in the research community: its voluntary nature, positive feelings or affection toward each other, some degree of self-disclosure and closeness (Sharabany 1994). Frequency of interactions and propinquity are often mentioned as indicators of friendship.

The dichotomy between friendship for the sake of achieving some benefit and friendship for its own sake has been noted (Sharabany 1994). Ideal friendship is largely believed to be a relationship which the participants enter without any expectation of additional benefit other than the pleasure of each other’s company (Price and Arnould 1999).
Several different scales have been proposed to measure the degree of friendship among the respondents. The Network of Relational Inventory included items based on the theory of social provisions (Weiss 1974) as well as relative estimates of power, conflict, and importance of relationship (Furman and Buhrmester 1985). The Intimate Friendship Scale, validated on preadolescent children, includes eight dimensions: 1. frankness and spontaneity (self-disclosure); 2. sensitivity and knowing (empathy and understanding of each other’s feelings); 3. attachment to a friend (liking a friend, missing a friend when they are not there); 4. exclusiveness in the relationship (unique qualities of this particular friendship, something the respondent cannot get in any other relationship); 5. giving and sharing with the friend; 6. imposition (how much can be asked of the friend); 7. common activities; and 8. trust and loyalty (Sharabany 1994, p. 451-452). The McGill questionnaire, focusing on the perceived functions that a friend was trying to fulfill, includes six dimensions: 1. stimulating companionship (“doing enjoyable, amusing, or exciting things together”); 2. help; 3. intimacy (“being sensitive to the other’s needs and states and being open to honest expressions of thoughts, feelings, and personal information”); 4. reliable alliance (“remaining available and loyal”); 5. self-validation (“reassuring, encouraging, and otherwise helping the other maintain a positive self-image”); and 6. emotional security (“providing comfort and confidence in novel or threatening situations”) (Mendelson and Aboud 1999, p. 130).

Friendship and Marketing

The concept of friendship has been explored in the marketing literature to some extent. Primarily, this exploration occurred within the context of service provider relationships and personal selling (Bäckström 2008; Grayson 2007; Heide and Wathne 2006; Swan et al. 2001; Price and Arnould 1999). The implication was that “good customer relationships, in which salespeople and their clients interact frequently over an extended period ... develop into close friendships” (Bäckström 2008, p. 20).

On a different level, friendships between people have been the subjects of viral and undercover marketing efforts. Concerns have been raised that undercover marketing, basically friends using friends for commercial purposes, is “corrupting both of the friendship and the commercial agent” (Kennett and Matthews 2008).

Friendship and Social Networking

Studies of adolescents’ attitudes to their online friendships have previously suggested that such friendships play an important role in the teens’ lives, are viewed very positively and on many occasions grow into “real life” friendships (Chou and Peng 2007). Such positive attitudes would be expected to carry over as the teens mature and go to college. While formation of purely online friendships was considered impossible by some researchers (Cocking and Matthews 2000), the opposite point of view has also been expressed (Briggs 2008).

Whether the friendship measurement instruments described above and other similar measures can be employed directly or with some modifications to evaluate online relationships is not immediately clear. Furthermore, if “off line” interactions are somehow altered in the modern society, the applicability of these instruments warrants further investigation. Ideally, the future instruments would also offer the ability to measure the degree of closeness/relationship/friendship not only among human participants but also similar feelings that they experience toward other entities with which they interact online.

As a step in developing such instruments, current investigation explores the concepts of friendship and online friendship among College students. Our research questions are:

1. What different characteristics define a friend for Generation Y students?
2. What defines an online friend to Generation Y students?
3. What role does social networking play in their overall relationships?

METHODS, ANALYSIS, AND RESULTS

Churchill (1979) suggests that qualitative studies such as focus groups be conducted as the initial step in exploration of a construct, thus two focus groups were conducted with undergraduate business students at a large public university in the Northeast. All students with one exception were in their early 20s. A total of 25 students participated in the sessions, one session with 12 students and one with 13 students, with approximately equal numbers of male and female students. Participants were first asked to describe what they thought signified a friend, how they knew who was a friend and who was not, and prompted to go deeper in those directions. Second, students were asked specifically to concentrate on their Facebook friends, what relationships on Facebook meant to them, and how they felt about the relationships on Facebook. Facebook was used as a proxy for social networking sites since the overwhelming majority of the students did not use any other sites and did use Facebook.

Traditional Friendships

According to the participants, the main characteri-
ics that define a friend are those of individuals whose company is enjoyable, who are trustworthy and loyal, who share activities and interests, who allow frankness, who offer emotional support, who accept imposition, who share common values, who are sensitive and understand each other, and who reciprocate positive feelings. Table 1 provides excerpts of the participants’ responses that support these findings. To a large degree the thoughts expressed by the students correspond to Sharabany’s (1994) scale with two notable differences: exclusivity and emotional reciprocity. The concept of exclusivity of friendships was nearly absent. Emotional reciprocity, although not included in the scale perhaps because of the age group Sharabany studied, was frequently mentioned as important to participants.

Additionally, two more themes emerged from the conversation: the different levels of relationships and friendship instrumentality. Regarding the levels of relationship, respondents emphasized the delineation among relationships with best friends, other friends and acquaintances: “I think there are a lot of different levels of friendship, so I think it’s really too complicated to just answer. I mean there are some friends that are more [or less] just acquaintances that you see in the hallway or meet and have lunch together because you’re already there. There are some friends that you make a point to see all the time because you really enjoy doing things together. There are some friends that you like more than your family and care more about because [they are ones] that you’ve made your family, so you’re very close to them. There are some [friends] who would do anything for you if you needed a favor, and those are people who you don’t see, but you’re still that close.”

A question that has been debated is whether a relationship, such as friendship, exists entirely for its own sake because of the intrinsic value that is placed on it by the participants or if friendship exists because of its instrumental value to the individuals involved (Kennett and Matthews 2008). The participants reconciled the matter thusly: “I think it depends on the friend, too. Not that you use your friends, but I mean, certain friends are able to do certain favors, and that’s nice. It kind of helps make the world go round in the friendship thing. I know if you have a friend who can always get baseball tickets, it’s kind of nice. …I was just using

### Table 1: Participant Responses of Friend Characteristics

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Response</th>
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</thead>
<tbody>
<tr>
<td>Are people whose company you enjoy</td>
<td>“…spending time with, people you see, etc.&quot;</td>
</tr>
<tr>
<td></td>
<td>“…hanging out with.”</td>
</tr>
<tr>
<td>Are trustworthy and loyal</td>
<td>“People you trust.”</td>
</tr>
<tr>
<td></td>
<td>“We have a lot of fun together, but when we have problems, we are there for each other.”</td>
</tr>
<tr>
<td></td>
<td>“Trustworthy and honest [are] at [the] top of [the] list.”</td>
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<tr>
<td>Share activities and interests</td>
<td>“Someone you share a common interest with, like a sports team.”</td>
</tr>
<tr>
<td>Allow frankness</td>
<td>“Somebody that I could talk to. Somebody you can relate to. Someone you can discuss problems with. They care about you and give you their opinion.”</td>
</tr>
<tr>
<td></td>
<td>“People that have an open ear. People you can talk to and will take care of you.”</td>
</tr>
<tr>
<td></td>
<td>“Someone you can confide in.”</td>
</tr>
<tr>
<td></td>
<td>“I really look at my friends to keep it real with me. Don't hide it. If you really feel like I'm doing something stupid, tell me. Who else is going to tell me if my friends aren't going to tell me?”</td>
</tr>
<tr>
<td>Offer emotional support</td>
<td>“Sometimes they tell you to come with them and drink, and you feel better.”</td>
</tr>
<tr>
<td>Accept imposition</td>
<td>“There are some who would do anything for you if you needed a favor, and those are people who you don't see, but you're still that close.”</td>
</tr>
<tr>
<td>Share common values</td>
<td>“Somebody who shares my morals.”</td>
</tr>
<tr>
<td>Are sensitive and know you</td>
<td>“It's nice knowing people know who you are, [who] can tell when your being funny [or] being dumb, [and] not think you're weird for having a bad day.”</td>
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<tr>
<td></td>
<td>“You spend more time with that person, and your best friend sees, [for example], when you're upset when other people just see your smile. I hide a lot of my stuff, like my pain and the stuff I'm stressed about, behind a smile and I just [am] fake about it. My real friends can see something's wrong with [me]. Like, 'what's wrong?' That's a best friend, not someone you just speak to when you see [him].”</td>
</tr>
<tr>
<td>Reciprocate positive feelings</td>
<td>“Accepts you for who you are.”</td>
</tr>
</tbody>
</table>
|                                                | “Your real friends wouldn't judge you.”}
that as an example. I would never be friends with someone just because they can get tickets. Friends have certain things that they do for one another. It maybe even defines the kinds of things you do with them."

**Online Friendships**

Regarding online friendships and relationships, both focus groups reacted rather dismissively to considering Facebook friends equal to traditionally defined friends, with multiple gestures and rolled eyes underscoring that “those are just online, not real, friends.” Several themes emerged regarding online friendship, including the low status of online relationships, alienation through the increased use of technology, commercialization, and entertainment. Table 2 provides excerpts of the participants’ responses that support these findings. Additionally, participants were concerned with social networking as a distraction and online privacy.

Participants offered an interesting classification to define the most annoying of their online friends: Whiner-Complainer, Emotional Cub, Constant Updater, and Gamer. The Whiner-Complainer posts long whiny status updates about personal problems. “The emotional cubs are the ones who [are] sort of like a whiner-complainer, but it’s a sense of sharing too much of their inner most thoughts, like ‘I’m in a dark pool of emotion.’

Table 2. Participant Responses to Online Friendships

<table>
<thead>
<tr>
<th>Low status of online relationships</th>
<th>“[We] are friends on Facebook. We went to the same high school, but we never hung out.”</th>
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<tbody>
<tr>
<td></td>
<td>“We don’t talk to our online friends in the same way. I don’t feel like talking to them about my problems or [going] out with them.”</td>
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<td>“I think that with Facebook, people friend you and you feel bad to turn them down.”</td>
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<td></td>
<td>“My friends on Facebook are everyone but the people that creep me out or gossip about me. I will deny them on Facebook”</td>
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<td></td>
<td>“I think it is more of a curiosity kind of thing; they want to spy on you or check up on what you’re doing.”</td>
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<td></td>
<td>“Calling somebody a ‘Facebook [friend]’ is degrading.”</td>
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<td></td>
<td>Facebook friends were characterized as “annoying.”</td>
</tr>
<tr>
<td></td>
<td>“One thing I’ve noticed, I’ll say happy birthday to most of the people I know because I miss them, and I’ll comment. But my really good friends, I’ll call them. I won’t even write it on their Facebook because I want it to be one of those things where I’m closer to them than that. I may text them if I don’t get a chance to call them. I guess Facebook is kind of juvenile. I feel like, with my best friends, it would be degrading to Facebook them ‘happy birthday,’ so I just skip it.”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alienation through the increased use of technology</th>
<th>“I get angry when people say happy birthday on Facebook instead of calling.”</th>
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<tbody>
<tr>
<td></td>
<td>“I think that as technology is progressing people get further apart.”</td>
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<td></td>
<td>“My younger sister doesn’t talk to her boyfriend for hours on the phone, whereas I did. She would rather text or Facebook.”</td>
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<tr>
<td></td>
<td>“It’s the technology now, 10 year olds with cell phones.”</td>
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<tr>
<td></td>
<td>“I was so used to talking to friends on Facebook, and now that I don’t have time for that, I don’t get to talk to them. I miss talking to them”</td>
</tr>
<tr>
<td></td>
<td>“I think it is good, but I Skype rather than use Facebook. I don’t like to text. I’d rather call. I am too lazy. I can call for one minute or text forever.”</td>
</tr>
<tr>
<td></td>
<td>“I think that I used to say I’ll call you. Your good friends, you talk to on the phone. It’s weird to call some people on the phone once you lose the voice contact, and you lose a certain comfort in the relationship.”</td>
</tr>
</tbody>
</table>

| Commercialization | “If you looked at my inbox before I deleted it, I had 100 messages from marketers and people throwing parties. It was, I guess, tainted by the marketing world because it’s not just your friends. It’s just messages and ads, and ‘become a fan’ of this, ‘poke’ this, or all these other things. I don’t care. I got on there to meet people at the college I was going to be going to. I didn’t care about all these ‘find a mate online,’ ‘party next week,’ ‘thanks for coming to the party last week,’ or ‘make sure you sign up for this’ [messages]. It’s becoming like junk mail. You can’t filter it because it’s all in one place on Facebook.” |

| Entertainment | “See what people are doing.” |
|---------------| “Share YouTube videos with friends. Sometimes it is nice to see what they are doing, like going to the gym, and I should go, too.” |
Why would you put that on Facebook because everyone will know you’re feeling that low to the ground sometimes? I feel like a lot of people don’t know how to control their emotions. They put it on Facebook and must get some sort of comfort from people commenting. They’re pretty much attention seekers.” The Constant Updater updates contacts regarding monotonous activities. “Some people are like, ‘Oh, watching Twilight. I have to pee at the commercial.’ Updates from the Gamer revolve around the online games being played, such as Farmville.

Participants expressed some concerns over online interactions diminishing some aspects of friendship and creating alienation. Interestingly, they lamented their younger siblings’ behavior in a manner similar to how the generation of their professors laments the behavior of students themselves. However, two of the participants indicated that they had experience with relationships that started entirely online and eventually grew into “real life” friendships. “I met people on ICQ and we all talked on it, and I talked with girls and then I went out with them.” Notably, of the two students only one had relationships that can be qualified as actual friendships. These friendships grew out of a common activity, playing a game. “I’ve met a group of people before playing online video games. I’ve been playing since 8th grade, and I met up with the people I met online at a popular amusement park.”

In addition to a form of entertainment, Facebook was regarded as a “huge distraction” by several participants, a point highlighted by a confession of one of the participants that he actually missed most of the focus group conversation because he was on Facebook. “Personally, I miss topics because I’ve been on Facebook this entire time. So, as far as a distraction, I have an iPhone and I’m on chat right now. I forgot what the topic was and I wish I would have said something about that topic, but I was over here on Facebook.” Two participants admitted to deactivating their Facebook accounts since the time they were devoting to Facebook was interfering with other activities and because of privacy concerns while searching for employment. The conversation disclosed how much the Generation Y participants are aware of the privacy issues when posting online. Far from being the reckless vulnerable prey they are imagined to be, most of the group exercises caution in both their choices of what to post and to whom to post it; or at least, they believe that is the right way to behave.

**DISCUSSION, LIMITATIONS AND FUTURE DIRECTIONS**

The focus group findings suggests that traditionally defined friendship still follows the dynamics suggested in prior literature and that online friendships are not valued much per se by the 20-something college student. This research suffers from all the limitations of the focus group method: a small and potentially unrepresentative sample, subjective interpretation, group dynamics swaying people’s opinions, etc. (Calder 1977). Nevertheless, it is useful to remember that as limited as it is, the focus group method has been shown to yield results similar to those of a large-scale quantitative study (Reynolds and Johnson 1978) and, consequently, there is reason to expect empirical follow-up studies to be consistent with this study’s results.

The respondents’ casual attitude towards online friends may signify a real opportunity for companies to enter the relationship sphere since the contrast between entities may not be as large as outside online social networking. However, care needs to be exercised or else the medium gets summarily dismissed as “more junk mail.”

Further research directions lie in confirming the nature of online relationships and developing a valid instrument to measure them. The key to success here perhaps lies in careful consideration of degrees of relationships on the continuum from intimate friends to barely recognized acquaintances. Additionally, a different population might yield different results. Students are still in a life situation where they have many opportunities to socialize in real life and meet a large number of new people. They also are somewhat expected by their role as students to be socializing. Hence, the relative value of online relationships for them may be lower than for other categories of people.

**REFERENCES**


FISH WHERE THE FISH ARE: HIGHER-ED EMBRACES NEW COMMUNICATIONS TOOLS TO RECRUIT THE WIRED GENERATION

Nora Ganim Barnes, University of Massachusetts Dartmouth
Stephanie Jacobsen, University of Massachusetts Dartmouth

ABSTRACT

This study examines familiarity, usage, and attitudes towards social media at four-year accredited U.S. colleges and universities in all 50 states. The results show that schools are increasingly making use of social media tools to research and recruit students and to monitor online conversation about their institutions.

INTRODUCTION

There is no doubt that we are more wired than ever before. Most of the population goes to sleep with their phones lying next to them and their computers not too far away. In a world where information is available at your fingertips, do we still believe that social media is just a fad? The more than 550 million active users on Facebook, half of which log in on any given day seem to say otherwise (Facebook.com/statistics2010).

Today's young people as well as an increasing number of adults are utilizing Facebook, Twitter, and personal blogs, either to share their own thoughts or to read those of others. It is even possible to see a doctor online at your own convenience (Hawn, 2009).

While many researchers have studied social media usage inside an institution, not much has been done with the actual adoption of social media for marketing a school. This seems counterintuitive. Today, more schools are trying to find a way to integrate social media and new communications tools into classroom projects and lesson plans. Young people in grades K-16 have made it clear that this is how they learn best (Cramer and Hayes, 2010).

Pew Internet Project focusing on young adults, has found that nearly 75% of online teens and young adults use social networking sites (Lenhart, 2010). If these tools are now integrated into their classroom experience, it becomes essential that the college or university they are considering is fluent in social media. Creating a social media presence in an admissions office helps to market a school online, but also allows the target audience to know the college or university understands their lifestyle and preferences. Not having a social media presence might convey the opposite message, “This school is not for you.”

With students traveling across states and countries to find a school that is right for them, a school’s online presence is more important than ever. It is no longer enough just to have a website to browse, or a video of the campus. Prospective students want to speak with a person, or several people. This is one of the reasons the Edison Research Study found that Twitter has grown so fast. Awareness of Twitter has exploded from 5% of Americans in 2008, to 87% in 2010, because those on Twitter can hear what others have to say on the site. (Webster, 2010).

Students want to hear from someone like them, who has gone through the experience and can share their thoughts. Perspective students look for information about tuition, location, programs and campus life before deciding to apply. The presentation of this information on a school’s website along with student reviews or video, can make the difference in attracting perspective students.

Pew Research on older adults has found that half of internet users 50-64 use social networking sites (Madden, 2010). That does not mean that academics don’t matter to these students. It means professors and staff need to play a more integral role than ever. They should be communicating on blogs, and helping students learn more about what the classroom experience will be like. For recruiting all students the online image of the school is just as important as upgrading technologies inside the campus.

The study presented here helps to fill a gap in academic research on the use of social media in the marketing of higher education. The data that has been collected over the past several years reveals patterns in social media usage by college admissions offices. A presence in the venue where your target audience commonly spends their time provides more familiarity, convenience and a more personal,
authentic view of the school. This is the time for schools to showcase their desire to create relationships with perspective students since making connections is what this group does best. Social media is a part of their everyday lives.

**METHODOLOGY**

In the spring of 2007 a large northeastern university conducted telephone surveys with a total of approximately 450 U.S. colleges and universities in the U.S. That study provided the benchmark for the same study repeated in 2008 and 2009 (453 admissions officers were interviewed in 2007, 536 in 2008, and 479 in 2009).

Schools were selected randomly from a comprehensive list of all four year accredited colleges and universities in the U.S., publicly available on the University of Texas website (http://www.utexas.edu/world/univ/). The results of the 2009 study are presented here.

All interviews took place with Admissions Directors/Deans or other admissions officers in November and December 2009. The responding institutions are diverse in student size (from under 50 students to over 50,000), annual tuition (from less than $1,000 to over $40,000), funding (69% private, 31% public) and location (all 50 states are represented).

The sample includes well-known private schools like Duke, Carnegie Mellon, Vassar and Wesleyan as well as many large state universities like the University of Arizona, University of Pennsylvania, University of Wisconsin and University of Massachusetts.

All three studies examined the familiarity with, usage of, and attitude towards social media by the admission officers at U.S. colleges and universities. The findings presented here from the 2009 study are based on 479 interviews with a sampling error of +/- 4%. To date, this is the most comprehensive study done of U.S. institutions of higher education and their use of social media in their admissions activities.

The results continue to support what the 2007 study documented for the first time: Colleges and universities are using social media to recruit and research prospective students. It is clear that online behavior can have important consequences for young people and that social networking sites can, and will, be utilized by others to make decisions about them.

There is continued evidence of enthusiasm and eagerness to embrace these new communication tools and there is also evidence that these powerful tools are being utilized more effectively each year. Schools using social media are clearly studying the “rules of engagement” in the online world in order to maximize their effectiveness at recruiting prospective students.

Given that higher education has a culture that is simultaneously innovative and slow to change, it is important to ask how colleges and universities are responding to the new wave of social media. The research was structured to answer the following questions:

- Are colleges and universities familiar with social media?
- Are colleges and universities using social media? If so, how effectively?
- If they are not using social media, do they plan to in the future?
- Do colleges and universities consider social media important?
- Do colleges and universities use search engines and/or social networking to recruit and research prospective students?
- Do colleges and universities monitor the online discussion for mention of their school’s name?

This paper compares the 2007 and 2008 data, with the 2009 data in an attempt to view changes over the past three years as schools become more familiar with social media and learn to maximize its potential.

**FINDINGS**

**Are Colleges and Universities Familiar with Social Media?**

Respondents were asked to rank their familiarity with blogging, podcasting, social networking, message boards, wikis and Twitter from “very familiar” to “very unfamiliar.” Social networking, the social media that was most familiar to college admissions officers in 2007 and 2008 is still the most familiar. Familiarity with social networking has jumped from 55% reporting they were very familiar with it in 2007, to 63% in 2008 and now to 83%. Admissions officers have clearly embraced Facebook and other social networking sites as viable forms of communication with their constituency.

The micro-blogging site Twitter was included in this study for the first time (2009) since its use among colleges and universities (as well as businesses and non-profits) and has skyrocketed in just the past year. Fifty-five percent of admissions officers now report they are very familiar with Twitter.

Traditional blogging also continues to be a tool that many admission offices are already “very familiar” with and many more are learning about – though not quite as quickly as social networking.
Those admission officers reporting they are very familiar with blogging rose from 44% in 2008 to 55% in 2009.

In fact, a significant percentage of admissions departments are very familiar with most of the technologies studied. Even wikis -- the technology least familiar to admissions officers -- is very familiar to 19% of those surveyed. Familiarity is up strongly over the past year for social networking and blogging. It is slightly down for video blogging and wikis, while message boards and podcasting remain about the same. Notably, Twitter already has a familiarity second only to social networking.

This high level of familiarity with social media tools is, as you will see in the next section, translating into usage. The bottom line is that admissions officers are moving in the direction of becoming familiar with new tools of communication at a rapid rate, often through or in preparation for actual usage.

Are Colleges and Universities Using Social Media?

From familiarity, the survey moved into examining actual usage of social media by the admissions offices. Sixty-one percent of the respondents in 2007 reported they used at least one form of social media. One year later, 85% of college admissions offices were using at least one form of social media. In 2009 a record breaking 95% of college admissions offices use at least one form of social media. Usage is up for almost every tool studied.

Social networking is the most common form, 87% of admissions departments use it. Fifty-nine percent have a school Twitter account and 51% have a blog. Almost all of those using a blog, are using other forms of social media as well. Thirty-eight percent use message boards, 22% use podcasts and 13% use wikis. Many respondents report faculty often set up wikis for research projects and sometimes students do for group projects, but it was not one of the tools that admissions departments commonly use. (In addition to these tools, schools reported using chat rooms, instant messaging and email to reach prospective students or alumni.)

The use of social networking sites and blogging has increased dramatically. At the same time, video is still being used to deliver virtual tours of campuses, virtual visits to the dorms and sample lectures from the faculty. Twitter has stormed onto the scene and has a strong presence in the social media toolbox for admissions officers.

No significant differences were found between the use of blogs by public or private schools, or by size of undergraduate population. Fourteen percent of schools with blogs are using some internally developed applications (up 6% from 2008). Others cite WordPress (19%) and Blogger (7%) as their platforms.

It is not uncommon for the admissions professional to be unfamiliar with the applications being used to host a blog (27%). At most schools, the IT department sets up the blog and the admissions office manages it. When asked who manages their blog, the most popular answers are the admissions office, marketing and public relations.

With more than half of all school reporting they have a blog, it is interesting to compare this level of adoption with other sectors. Previous research at the University of Massachusetts Center for Marketing Research (Barnes and Mattson, 2009) indicates businesses have lower levels of adoption of this particular tool while not for profits report a higher level of blog usage.

At first glance, college admissions use of social media appears to be a case study in the timely adoption of new technology. A closer look shows consistent improvement over the past three years in critical aspects of the technology necessary to maximize the effectiveness of these tools. Comparing the 2007, 2008 and 2009 data, it becomes clear that there has been significant improvement as we look at the implementation of one popular tool, blogging.

The survey asked about blog logistics including accepting comments, promoting the blog and planning for the future of the blog. Responses from schools with blogs demonstrate how schools are learning about and using social media more effectively each year.

The mantra of the blogosphere is “conversation.” Blogs that do not facilitate engagement and conversation tend to lose their audience. In the 2007 study, 37% of those schools with blogs did not accept comments. By any measure, this is a problem. The goal is to connect with prospective students through ongoing conversation with the school. In 2008 that figure dropped to 22%. The 2009 data shows another drop to 18%. Schools are mastering the tool and embracing its true spirit of two-way conversation.

For students or their parents looking to have a conversation online, this increased interaction through comments can be significant. With more and more schools moving into multiple channels of social media, schools that don’t allow for conversation will quickly be passed by.

Schools are clearly learning to use social media more effectively. RSS feeds and other notification methods like email or text message allows ease of conversation and increases participation. This simplifies the blogosphere for readers who may want to keep up with a certain conversation or be informed of
new information without having to check the blog to see if anything new has been added.

In the 2007 study, 46% of schools had an RSS feed available and 31% allowed email subscriptions. In 2008, those numbers rose to 49% and 48% respectively. In 2009, 65% were taking RSS subscriptions and 43% enabled email sign-ups for their blogs. Again, the increased use of RSS would indicate an increased sophistication in the use of blogging as a recruitment strategy.

When asked what the future plans are for the school’s blog in 2007, the most popular answer was that there are NO future plans for the blog. This was disconcerting considering the swift movement and evolution of blog technology. In the 2008 study, the most popular response was to expand the blog. Many schools began to include audio podcasts, video and live chats as part of their blog. In 2009, the most popular plan is to incorporate social media sites into blogs.

When asked if they felt their blogs were successful, 86% of schools with blogs said yes. This percentage was fairly consistent across all three studies (86%, 80%, 86%). This finding is also consistent with the Barnes and Mattson studies in business that have shown those using social media are satisfied with it and feel it provides positive results (2009).

One cautionary note relates to having a blogging or social media policy that defines what is acceptable via the institutions’ online communications. Thirty-two percent of schools have such a policy in place for their employees or students who engage in online conversations as it relates to the school.

Those schools not currently using social media, or a particular tool, were asked if they planned to in the future. Fifty-nine percent plan to add social networking to their current media channels. Fifty-two percent plan to make increased use of video on their blogs and 50% of those without blogs, plan to add them.

Do Colleges and Universities Consider Social Media Important?

The adoption of social media by admissions departments is being driven by familiarity and their recognition of the increasingly important role of social media in today’s world. Half of the surveyed admissions departments feel that social media is “very important” to their future strategy. Even more powerfully, it is worth noting that 91% of admissions departments feel that social media is at least “somewhat important” to their future strategy.

There is a significant correlation between perceived importance of social media technologies and use of Facebook. Those that are convinced of the need to utilize these tools do have a presence on internet social networking sites.

Do Colleges and Universities Use Search Engines and/or Social Networking to Recruit and Research Prospective Students?

A significant proportion of schools continue to research students via search engines (16%) and social networks (17%). While these numbers are the same for social networking as they were last year, fewer schools are reporting the use of search engines in their recruiting strategy. In 2007, 26% reported using Google or Yahoo, in 2008 that number dropped to 23%. There seems to be a preference for information from social networking sites.

The admissions officers interviewed for this study reported using search engines and social networking sites to verify information, research students who were candidates for scholarships, or for those seeking entry into high-demand programs with limited spaces. In all these cases the intent was to protect the school. No school wants to announce the winner of a prestigious scholarship only to have compromising pictures discovered on the internet the next day.

There were no reports of checking every applicant to an institution, no matter how small the school. Online research appears to be more of a precaution at this point or a source of additional information for critical decision making.

The search engines used most often are Google and Yahoo while the social networking sites include Facebook and MySpace. The value of these social networking sites for college admissions offices cannot be underestimated. As more and more young people spend increased amounts of time on these online networks, an institutional presence will be mandatory.

Do Colleges and Universities Monitor Social Media for Buzz, Posts, Conversations and News About Their School?

It is clear that admissions offices are now communicating in new ways. The next question is: Are they listening to what’s being said about their school online? Fifty-three percent in 2007 and 54% in 2008 report they monitored the internet for buzz, posts, conversations and news about their institution. Our latest research shows an increase of close to 20% with 73% of schools now monitoring their school name. Given the ease with which monitoring can be done, it is not surprising that so many institutions studied are now doing it.
Over half of the institutions monitoring social media reported doing so manually. Most were using simple Google searches using the name of their school. Those schools that monitor online activity as it relates to them, tend to be private schools. They tend to be users of all forms of social media including blogs, podcasting and video. These schools are also more likely to research students online via social networking sites.

Perceived importance of social media to the school, does translate into monitoring behavior. Those schools with a culture where online communications are respected as having value are more likely to fully embrace that activity. They are gathering critical strategic information by listening to what is being said about their institutions and their competitors in the social media world.

Do Colleges and Universities Have Written Social Media Policies for Staff or Students Who Blog?

A social media policy outlines for staff (or students) the guidelines or principles of communicating in the online world. When employees or student interns post on Facebook, Twitter or the school’s blog, they have a responsibility to represent the school both honestly and within the school’s rules or code of conduct. There are many examples of schools with such policies (see especially DuPaul, University of Texas-Austin, George Mason and Kansas State).

Social media policies are now seen as important elements as an institution develops their social media strategy. Less than 25% of the Fortune 500 companies currently have social media policies in place even though many companies have hundreds of employees that utilize blogging, Twitter or Facebook on a regular basis. Few schools have developed such a policy.

In this study, 32% of admissions directors interviewed reported having a written social media policy. Previous research (Barnes and Mattson, 2009) with businesses finds 36% of the Inc. 500 (small, fast growing businesses) and 21% of the Fortune 500 (wealthiest companies) have written social media policies. Higher education, like businesses in the U.S., are still learning how to use and direct the use of these new tools.

IMPLICATIONS

It is clear from this study that colleges and universities are moving quickly to adopt new communications tools. This movement combines thought on brand awareness, technology adoption, communications, advertising and other areas of Marketing yet no distinct work in academia on social media adoption for recruiting has appeared. This study comes more as a statistical report from which new assumptions may be posited. It is an attempt to define a new perspective or paradigm of how institutions communicate.

There are associations in the data which show that familiarity with new communications tools is related to their implementation the more an admissions officer sees social media tools as important for strategic communications, the more likely they are to participate in social media. These advocates are also reporting high levels of success.

Further research is necessary to address how social media can create or support strong brand awareness for academic institutions. Also, work is needed on how these new tools fit into a marketing plan and how their implementation might be most effective across diverse school demographics, especially in targeting specific subgroups for recruitment.

Finally, students should be queried in an effort to match their communications preferences with the channels being used by colleges and universities. Just as marketers have long looked to satisfy consumer preferences, social media provides an opportunity for academia to relate to its “customers” in the way they are most comfortable. More research is necessary to better understand the effectiveness of social media as part of the marketing strategy in college admissions.

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CUSTOMER AND MARKET ORIENTATION EFFECTS ON ORGANIZATIONAL PERFORMANCE: A STUDY OF MARKETING DEPARTMENTS OF BUSINESS SCHOOLS BELONGING TO AACSB-INTERNATIONAL

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ABSTRACT

This paper is part of a continuing research stream dealing with organizational behavior, culture, and performance in higher education, specifically within AACSB-International business schools and their marketing departments. Customer and market orientations within AACSB schools of business are at the center of the research. A customer orientation strategy is a necessary part of an organizational environment leading to a market-oriented culture and is based upon the acceptance and adoption of the marketing concept. The market-oriented organization recognizes the importance of coordinating the activities of all departments, functions, and individuals in the organization to satisfy customers by delivering superior value. The market-oriented organization continually monitors customer information, competitor information, and marketplace information to design and provide superior value to its customers. Theory and empirical research suggest that higher levels of market orientation result in higher levels of performance. This theory is tested in this research within the context of marketing departments of AACSB business schools.

The manuscript reports the results of a national survey examining the levels of reported customer and market orientation toward students and their impact on organizational performance. The organizations researched are AACSB member business schools. The respondents to the survey are marketing department chairpersons of AACSB member schools. We use a reworded Narver and Slater’s (1990) “market orientation” scale and the Jaworski and Kohli’s (1993) “overall performance” scale in the research. Ninety-four marketing department chairs of AACSB member business schools responded to the survey. The manuscript details the data collection and analysis processes, the statistical findings, along with implications and a call for additional research.

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ANTECEDENTS OF BUSINESS PERFORMANCE OF CUSTOMERS’ ORGANIZATION: ROLE OF SERVICE QUALITY AND CUSTOMER SATISFACTION – A CASE STUDY OF RWANDA COMMERCIAL BANK

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ABSTRACT

This article provides an empirical analysis on the effect of service quality and customer satisfaction on the business performance of customers’ organization. The results shows that (a) reliability, responsiveness, assurance and empathy out of five dimensions of service quality positively influence the satisfaction; (b) the assurance and empathy dimensions had strong impact on the customer organizations performance. The satisfaction is a strong influence on the business performance of the customers’ organization.

INTRODUCTION

The empirical investigation in marketing literatures in general and service marketing literatures in particular, to prove customer satisfaction of a service companies is strongly and positively influenced by the service quality is still inconclusive, even after more than two decades of research observation by Parasuraman, Zeithaml and Berry (1988), who states that satisfaction over time result in perception of service quality. However, there is a shift in the research agenda in recent years from overall service quality on satisfaction to predicting the dimensions of service quality on only satisfaction, also on usefulness and business performance of a firm, to mention few. The conceptual and empirical literatures in services marketing without many measurements issues established the relationship between service quality dimensions and customer satisfaction, but the relationships between quality dimensions and business performance undergone firstly, several measurement issues related to performance of a service organization and secondly no clear empirical relationships were established. Zeithaml (2000) reasoned that investments in service quality do not directly to profits for a variety of reasons. This observation is related to the firm level profit or profitability due to investments made by the firms in order to improve the quality of service to the customers.

Many empirical studies (Roger Hallowell, 1996; Anderson, Forenell, and Rust, 1997; Tung-Zong Chang and Su-Jane Chen, 1998; Yeung and Ennew, 2001; Duncan and Elliott, 2002; Lori S. Cook and Rohit Verma, 2002; Yeung Ging and Ennew, 2002; Morgon and Rego 2006; Mohammed Al-Hawari and Tony Ward, 2006; and Hegji, Self and Findley, 2007) on the business performance either with service quality and/or customer satisfaction focused only with financial performance of the service organization, not with customer level. But the question unanswered is around the how the quality of service received by the business customer from the service organization improves and enhances their business performance.

In this context, this research attempts to answer the following research questions:

(a) Is there positive relationship between five service quality dimensions and customer satisfaction?
(b) Whether the five service quality dimensions positively enhances the business customers’ organization’s performance?
(c) Is there positive relationship between customer satisfaction and customers’ organization’s performance?

The article has the following sections: Firstly, section one deal with theoretical background of service quality and customer satisfaction, customer perception on usefulness on customer satisfaction and service quality, customer satisfaction and service organizations performance. Secondly, the measurements and methodology adopted. Thirdly, the results and discussions, and finally with conclusion and implications.
REVIEW OF EARLIER STUDIES

Service Quality Dimensions and Customer Satisfaction

Quality of service is directly influence the customer satisfaction with different service industry is proven and established one. Caruna and Malta (2002) asserts service quality acts on loyalty via customer satisfaction. G.S. Sureshchandar et al (2002) proves that a greater dependency between service quality and customer satisfaction. Lianxi Zhou (2004) found statistically significant results between reliability / assurance and satisfaction. Zhilin Yang and Xiang Fang (2004) demonstrate responsiveness and reliability are the major dimensions leading to satisfaction in addition to ease of use and competence. In line with the findings of Caruna and Malta, Olorunniwo, Hsu and Udo (2006) indicate that though the direct effect of service quality on behavioural intention is significant, the indirect effect of service quality on behavioural intentions through customer satisfaction appears to be a stronger driver for behavioural intentions. However, the effect of dimensions of service quality on customer satisfaction, though research extensively, still the findings are inclusive topic for the research till date.

Josee Bloemer et al (1998) establish that among five dimensions, reliability and empathy have a significant and positive effect on satisfaction. Stafford, Stafford and Wells (1998) presents reliability dimension is the critical determinant of feeling of insurance customers’ satisfaction compared to other dimensions: assurance, responsiveness and empathy, however, tangibles dimension is insignificant with customer satisfaction. Lassar, Monolis and Winscr (2000) explain empathy is positively and significantly predict overall satisfaction. Ahmad Jamal and Kamal Nasar (2002) through stepwise regression analysis establish that core and relational dimensions of service quality have positive relation, but tangible aspect could not establish a relationship with customer satisfaction. Wang and Lo (2002) found no relationship between empathy and customer satisfaction, while reliability, assurance and tangibles significantly influence. Zhu, Wymer Jr. And Chen (2002) empirically establishes that the customer satisfaction on bank’s IT-services positively affect by reliability, responsiveness and assurance. On hospital industry, Boshoff, C and Gray B (2004) found two service quality dimensions: empathy and assurance had positive impact on cumulative satisfaction than other dimensions. Yuvas, Benkenstein and Stuhldreier (2004) demonstrate service quality is at the root of customer satisfaction and customer satisfaction is linked to behavioural outcome. They states tangibles and timeliness of service quality closely related to customers’ satisfaction. Zhilin Yang and Xiang Fang (2004) demonstrate responsiveness and reliability are the major dimensions leading to satisfaction in addition to ease of use and competence. In B2B context, Spiros Gounaris (2005) confirms that customer satisfaction was strongly predicted by reliability and empathy dimensions of service quality. Hollis Landrum et al (2007) explain tangibles, reliability, assurance and empathy were significant and the responsiveness dimension was not significant. Khong Kok Wei (2009) highlights that the assurance, responsiveness and empathy had positive association and enhance the bank customer satisfaction. The company concentrates on quality of service due to the assumption that the quality of service improves and enhances customer satisfaction (Storbacka, Tore Strandvik and Gronroos, 1994).

On this backdrop, the following hypotheses are proposed:

H1a: customer satisfaction is positively influenced by tangibles
H1b: customer satisfaction is positively influenced by reliability
H1c: customer satisfaction is positively influenced by responsiveness
H1d: customer satisfaction is positively influenced by assurance
H1e: customer satisfaction is positively influenced by empathy

In a study to predict the effect of usefulness on satisfaction, Hollis Landrum et al (2007) found that the satisfaction of customers positively influence by the usefulness of the service received by the customers. In this light of findings, the hypothesis is;

H2: customer satisfaction is positively influenced by customer perception on usefulness

Service Quality, Customer satisfaction and Service Organizations’ Performance

Profitability is positively influence by the service quality (Tung-Zang Chang and Su-Jane Chen, 1998). Lori S. Cook and Rohit Verma (2002) measured the banking performance with two dimensions: financial performance and value performance. The authors empirically proved with employees’ survey that monetary performance positively influenced by all four dimensions of service quality except assurance and value performance was only influenced by tangibles. Duncan and Elliott (2002) empirically proved that the financial performance measures are positively correlated with customer service quality scores. Ton van der Wiele et al (2002) found that the service quality is significantly correlated with sales and

With regard to satisfaction and/or service quality and their effect on business performance, Roger Hallowell (1996) illustrates that the increase in profit of a firm resulting from an improvement in customer satisfaction. Anderson, Forenell and Rust (1997) found direct association between customer satisfaction and ROI. Yeung and Ennew (2001) modelled customer satisfaction with market return and found that there is a positive effect of customer satisfaction on market return. Mohammed Al-Hawari and Tony Ward (2006) empirically prove the positive direct relationship between customer satisfaction and financial performance of the service firm. Morgan and Rego (2006) demonstrates that there is a positive and significant effect of customer satisfaction on market share as a measure of business performance.

Though these studies have tested the effect of service quality and/or customer satisfaction on service organizations performance, this study proposed to test the hypotheses related to customers’ organization performance influenced by service quality and/or customer satisfaction with the service organization:

H3a: customer’s organization performance is positively influenced by tangibles
H3b: customer’s organization performance is positively influenced by reliability
H3c: customer’s organization performance is positively influenced by responsiveness
H3d: customer’s organization performance is positively influenced by assurance
H3e: customer’s organization performance is positively influenced by empathy
H4: customer’s organization performance is positively influenced by their satisfaction

We estimate the following customer satisfaction / customer’s organization business performance functions incorporating all the points discussed under the hypotheses above:

1. Customer satisfaction function:

\[ CS = \alpha + \sum_{i=1}^{2} E_i \beta_i SQ_i + \mu \]

2. Usefulness with customer satisfaction function:

\[ CS = \alpha + \sum_{i=1}^{2} E_i \beta_i SQ_i + \gamma \text{Use} + \mu \]

3. Business performance function:

\[ CBP = \alpha + \sum_{i=1}^{2} E_i \beta_i CS + \mu \]

Where,

CS = Customer Satisfaction
CBP = Business Customers’ organization’s performance
SQD = 5 dimensions of service quality
Use = Usefulness
\( \alpha \) = Constant
\( \beta \) = coefficients of explanatory variables
\( \mu \) = error term

Based on the theoretical background, a conceptual model (Fig.1) on the three relationships between service quality with usefulness, customer satisfaction and customer’s organizations performance, is proposed as follows:

Fig.1: Relationship between service quality dimensions, perceptions of usefulness on customer satisfaction and customer’s business performance

**MEASUREMENTS OF VARIABLES**

The study attempts of this research to empirically find the effect of service performance of a service provider on the customer satisfaction on the one hand and the customer’s business performance on the other hand, it is appropriate to use SERVPERF (J. Joseph Cronin, Jr and Steven A.}

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Taylor, 1992) in the place of PZB-SERVQUAL which measures the gap in the quality of service by comparing customers’ perception on desired and expectation level of service. Out of 22 items of Performance based Service Quality scales two items were removed based on the low corrected item – Total correlation score which is less than 0.30 and they are: (a) documentation such as signs, handouts, and brochures are appealing and (b) employees get adequate support from bank. After the removal of the above said items, the overall cronbach alpha score of 20 items is 0.822.

Table 1 reveals the reliability values of the dimensions of service quality and business performance of organizations of the business customers. It is noted that the cronbach alpha values are higher than suggested value. Though the adapted scales reliability values should be greater, in this case the values not below the suggested value 0.60. The possible explanation for the lower values: the respondents level of understanding on the questions due to their educational background and the environment with which the data was collected, mean that when the customers come to the bank for the transaction, they were requested to give their response on the questions. Measures developed for particular subject populations may have to be redesigned for other populations and investigated before administration (Churchill and Peter, 1984). The two items are used to measure the satisfaction of the customer are adapted: decision to use (Oliver, R.L., 1980) and a satisfying experience (Taylor and Baker, 1994). The items for measuring the Customers perception on usefulness are adapted from the study of Hollis Landrum et al (2007).

For measuring the business performance variables, the study adopted the following business indicators: financial performance in terms of net income / profit, sales volume, cycle time in production or delivery of goods and services, level of inventory and capability to respond customer needs. The items were elicited from various studies which measure the service organizations performance and the same variables were adapted to measure the customers’ organization’s business performance. All the measurement items of the study are scaled on 7-point likert scale.

RESEARCH DESIGN

The basic sample elements of this study are the business customers of a private mid-size commercial bank in Rwanda. A well structured questionnaire was distributed to the business customers who are engaged in various business and who are having long association with the bank. The business customers were requested to give their opinion on the service quality dimensions, customer satisfaction, usefulness and their business performances on the services received from the bank. It was decided to contact 350 customers and for them the questionnaire was distributed, 217 questionnaires were only returned. Out of 217 questionnaires, 17 were with insufficient information and are not usable for the analysis and 200 questionnaires were finally taken for further analysis.

The multiple regression analysis was employed to examine the effect of the explanatory variables on dependent variable: (a) customer satisfaction and (b) business customers’ organization’s performance.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Cronbach Alpha</th>
<th>Mean</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>0.678</td>
<td>5.512</td>
<td>0.876</td>
</tr>
<tr>
<td>Reliability</td>
<td>0.766</td>
<td>5.035</td>
<td>0.791</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>0.779</td>
<td>6.192</td>
<td>0.599</td>
</tr>
<tr>
<td>Assurance</td>
<td>0.743</td>
<td>5.705</td>
<td>0.987</td>
</tr>
<tr>
<td>Empathy</td>
<td>0.762</td>
<td>4.745</td>
<td>0.894</td>
</tr>
<tr>
<td>Business Performance</td>
<td>0.921</td>
<td>5.074</td>
<td>1.125</td>
</tr>
</tbody>
</table>

RESULTS AND DISCUSSION

The effect of quality dimensions on customer satisfaction presented in Table 2. The results of multiple regression analysis (Model 1: Customer Satisfaction Function) showed that the model fitness with high F-value (27.928) which is statistically significant, explains the customer satisfaction regressed by service quality dimensions is significant and acceptable model. The adj.R2 value explains the explanatory variables: service quality dimensions explain about 45.6% of variations in the satisfaction of business customers. From the coefficients of service quality dimensions, the hypotheses between H1b and H1e are accepted, however, H1a is not accepted with Tangibles (β = 0.137, t = 1.760) which is statistically insignificant. Reliable dimension coefficient (β = 0.125, t = 2.264) is positively enhance the satisfaction of business customers, but value is statistically significant at 0.05 level. The other three dimensions: responsiveness (β = 0.187, t = 3.298), assurance (β = 0.259, t = 4.205) and empathy (β = 0.227, t = 4.008) had direct and positive effect on satisfaction of business customers and the coefficients are statistically significant at 0.01 level.
The insignificant coefficient of tangible dimension signifies the business customers are not giving much importance of the tangible items because of their long association with bank that they choose to have their banking activities. The finding of the study is in line with the similar findings of Stafford, Stafford and Wells (1998), Ahmad Jamal and Kmal Nasar (2002) and Lianxi Zhou (2004). However, the finding is not supports the observation of Yuvas, Benkenstein and Stuhldreier (2004) and Hollis Landrum et al (2007) also found tangibles were significant. It is noticed from our analysis on the year of association between the customers and bank that around 90 per cent of the customers have more than 2 years of association with the bank. The reliable dimension coefficient with 0.05 level of significance also subject to the discussion. Even though the customers have long association with the bank, still the satisfaction with the reliable performance quality from the bank is not like other dimensions. The coefficients of responsiveness, assurance and empathy of the study are of same with studies like Josee Bloemer et al (1998) and Lassar, Monolis and Winscr (2000).

The perception on usefulness incorporated with service quality dimensions and regressed on customer satisfaction (Model 2: Customer Satisfaction Function and Usefulness). The results supports the hypothesis H2 that the perception of usefulness by the business customer strongly and positively influencing the satisfaction along with five dimensions of service quality. However, it is to be noted that the inclusion of the perception of customers on usefulness of the bank with respect to their business brought down the importance of service quality dimensions effect on the satisfaction as seen with their coefficients. The tangibles and reliable dimensions are not statistically significant through they are with positive coefficients. The responsiveness ($\beta = 0.112, t = 2.218$), assurance ($\beta = 0.186, t = 3.389$) and empathy ($\beta = 0.119, t = 2.296$) are having positive effect on the satisfaction and statistically significant. On the other hand, usefulness is direct and significant effect ($\beta = 0.358, t = 7.703$) on satisfaction. The high coefficient value of usefulness indicates that the business customers’ perception on the usefulness of the banking services is a strong predictor for their satisfaction with the bank. From the model 2 also it is again established that Tangible dimension and Reliable dimension are not the predictors of the satisfaction of the business customers. In association with usefulness, the other three dimensions: responsiveness, assurance and empathy effectively explains the satisfaction of the business customer.

Table 2: The effect of quality dimensions and usefulness on customer satisfaction

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>DV: Customer Satisfaction Model 1</th>
<th>DV: Customer Satisfaction Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>t- value</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.387</td>
<td></td>
</tr>
<tr>
<td>Tangible</td>
<td>.137</td>
<td>1.760</td>
</tr>
<tr>
<td>Reliable</td>
<td>.125</td>
<td>2.264*</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>.187</td>
<td>3.298**</td>
</tr>
<tr>
<td>Assurance</td>
<td>.259</td>
<td>4.205**</td>
</tr>
<tr>
<td>Empathy</td>
<td>.227</td>
<td>4.008**</td>
</tr>
<tr>
<td>Usefulness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. R²</td>
<td>0.456</td>
<td></td>
</tr>
<tr>
<td>F – Value</td>
<td>34.356*</td>
<td></td>
</tr>
</tbody>
</table>

** 0.01 level of significance; * 0.05 level of significance;

The model 3 explains the effect of service quality dimensions on business performance of customers’ organizations. The multiple regression analysis results (Table 3) gives a different scenario what was witnessed with customer satisfaction. Adj. R² signifies the 25.8% variation in business performance is explained by the service quality and F-value reveals the acceptance of the model between service quality dimensions and business performance. The tangible dimension is not an important dimension having an effect on business performance thought it had negative coefficient, but statistically insignificant and H3a is not accepted. The possible explanation for the negative coefficient is that the lower the level of agreement on the importance given to the tangible elements by the customers results higher service performance quality of the bank (Stafford, Stafford and Wells, 1998). The hypotheses H3b and H3c are acceptable only with moderate level of significance, that is, Reliable ($\beta = 0.171, t = 1.825$) and responsive ($\beta = 0.166, t = 1.720$) dimensions are with positive effect on business performance of the customers’ organization, however, they are statistically
Table 3: The effect of quality dimensions on business performance

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>DV: Business Performance Model 3</th>
<th>DV: Business Performance Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.246</td>
<td>.577</td>
</tr>
<tr>
<td>Tangible</td>
<td>-.105</td>
<td>- .791</td>
</tr>
<tr>
<td>Reliable</td>
<td>.171</td>
<td>1.825**</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>.166</td>
<td>1.720**</td>
</tr>
<tr>
<td>Assurance</td>
<td>.395</td>
<td>3.762**</td>
</tr>
<tr>
<td>Empathy</td>
<td>.267</td>
<td>2.757**</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td></td>
<td>0.841</td>
</tr>
<tr>
<td>Adj. R²</td>
<td>0.258</td>
<td>0.395</td>
</tr>
<tr>
<td>F – Value</td>
<td>14.822**</td>
<td>130.912**</td>
</tr>
</tbody>
</table>

** 0.01 level of significance; * 0.05 level of significance; @ 0.10 level of significance

significant at 0.10 level. H3d and H3e are supported by the coefficients of Assurance ($\beta = 0.395$, $t = 3.762$) and Empathy ($\beta = 0.267$, $t = 2.757$), and the coefficients are the strong and positive predictors of the business performance of the customers’ organizations.

An examination on H4 between customer satisfaction and business performance (Model 4: Business Performance Function with Customer Satisfaction) strongly supported by the coefficient ($\beta = 0.765$, $t = 12.670$) of customer satisfaction indicate that the customer satisfaction is an antecedent of business performance of customers’ organization. The results related to effect of customer satisfaction on customers’ organization performance do not match with the earlier findings of many studies in terms of the measures used for the business performance as a dependent variable. Most of the studies including Roger Hallowell (1996), Anderson, Forenell and Rust (1997), Yeung and Ennew (2001), Mohammad Al-Hawari and Tony Ward (2006), Morgan and Rego (2006) have measured the service organization performance rather customer’s organization performance.

**CONCLUSION**

This empirical investigation is with objectives of testing the effects of (a) on service quality vis-a-vis customer satisfaction – customer satisfaction function, (b) service quality vis-a-vis business performance of the bank customers’ organization – business performance function, and (c) the effect of customer satisfaction on the business performance by taking into business customers of the bank, rather than the general category of customers of the bank. In this regard, the research has taken a paradigm shift on measuring the organizations’ performance of the bank’s business customers, in the place of service organization’s performance. Further, the attempt is made with service quality dimensions and its effect on the customer satisfaction and customers’ organization’s performance. The empirical result highlights that the customer satisfaction is influenced by reliable, responsiveness, assurance and empathy, but tangible dimension is failed to predict. When the customer perception on usefulness is added with service quality dimensions to predict the customer satisfaction, usefulness is having positive and significant direct effect on customer satisfaction with responsiveness, assurance and empathy, but tangible and reliable dimensions are failed to influence the customer satisfaction.

On business performance function, the assurance and empathy dimensions are having direct and positive impact on the organization performance of the business customers of the bank, the reliable and responsiveness dimensions influences at moderate level of significance level. Tangible dimension is not a good predictor of the business performance. The customer satisfaction is a strong influencer on the business performance of the customers’ organization.

**MANAGERIAL IMPLICATIONS**

The study presents an insight on three important elements. Firstly, the satisfaction of business customers is strongly predicted by the service quality dimensions with usefulness of the bank other than tangible dimension. It is to be noted that wants of these two set of customers are not the same. It is obvious through long association with the banks should not treat the ordinary customers and business customers equally, because needs and bank on availing different products, loan product in particular and services, the business customers are the one who spin money for themselves and also rotate the money with the bank, understanding the needs and fulfilling their needs with better quality service. Secondly, this study takes into account the business customers of the bank, not a general customer category. With this sample, the findings of
the study again stress that the tangible, reliable and responsiveness dimensions are not good predictors on the business customers’ organization performance compared to that of assurance and empathy. Finally, the result of the study is a kind of new paradigm by shifting the focus from service organization’s performance to the customers’ organization performance, and establishes that the customer satisfaction is a strong influencer of their own organizations performance, because of their long association with the bank they have chosen. Service usage reduces the probability of switching and strengthens the relationship between the parties, encouraging them to seek a long-term orientation (Juan Pablo Maicas Lopez et al., 2006). The bank should device new programs and policies, marketing practices in particular to improve the satisfaction of these customers by providing better services at affordable costs.

LIMITATIONS AND AREA FOR FUTURE RESEARCH

This research is with following research limitations. The sample size, sample bank and method which the samples are selected non-randomly could be the first limitation for the research. The bank though one of the oldest bank in the Rwanda, only few years ago it was privatized. If the number of banks and business customers of different banks are selected means the results might be different. The second limitation is that too many measures were adopted to understand the business customers’ perception on their business performance. However, the validity of the measures of business performance of the customers’ organization in this study is more than 0.90 and it can be used for further research.

The coefficient value of usefulness is higher (Table 2) than the service quality dimensions on its effect with customer satisfaction. This is subject to further discussion. An attempt can be made either to know the moderating role of usefulness or the interaction between quality dimensions and usefulness on customer satisfaction.

The performance of the business customers’ organization was measured through 6 qualitative measures, namely, financial performance (net income / profit), sales volume, cycle time in production or delivery of goods and services, level of inventory, and customer needs. A study can be made to find the impact on business performance of the customers’ organization by differentiating the monetary performance and non-monetary performance indicators. The business customers are the most important customers for the banking industry, not only for developing economy like Rwanda. The study can be extended to other contexts in the developing and developed economies.

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ABSTRACT
This paper investigates the relationship between different dimensions of customer relationship management and innovation capabilities in Melli Bank of Iran. Five dimensions of CRM include information sharing, customer involvement, long-term partnership, joint problem solving and technology-based CRM are selected to measure their relationship with innovation capabilities including innovation in product, innovation in process, innovation in administrative affairs, innovation in marketing, and finally innovation in services. Research findings indicate that there is significant relationship between the CRM dimensions and innovation capabilities in Melli bank of Iran.

INTRODUCTION
In today’s world which is highly undergoing technological evolutions and its everyday effects on human life(114,478),(886,836), organizations can not survive without adjusting to external environment and creating new ideas and commercializing them. So for successful presence in world markets, organizations should try to develop and apply new ideas. In fact, innovation is a response that organizations show against evolutions and changes so that they can survive and develop themselves in competing with other companies. On the other hand customer relationship management (CRM) system in organization not only retains the customers but it encourages the customers to offer valuable recommendations and suggestions for improving and promoting products and services. Today customer relationship management realized as a factor for improving innovation capabilities and obtaining competitive advantages in the market and it will be effective and efficient for organizational performance.

CUSTOMER RELATIONSHIP MANAGEMENT
Various definitions have been suggested for customer relationship management. The commonality of all these definitions is that first, CRM is related to business strategy especially that part which focuses on customer. Second, CRM is about business processes and supports and reinforces interaction between the business and its customers. Thirdly: CRM is not identical with technology (e.g. software). Generally it can be said that CRM is a constant process including creation and application of market intelligence knowledge in order to create and maintain customer relationship portfolio which has the highest output (Rigby et al, 2002).

Newell (2000) believes that a company’s real value relies on the value which it creates for its customers and a value that returns the customers to the company. So it is important to bear in mind that value does not rely on more information and more developed technology. Value is created by knowledge about customer and that how the company uses this knowledge for customer relationship management. Knowledge is the base of CRM and unfortunately few companies change the information in to customer knowledge, therefore most companies lose the opportunity of value creation for customers. Anyway, CRM, if used property is an instrument for increasing profitability (Newell, 200).

Key Dimensions of Customer Relationship Management
Generally, researchers divide different mechanisms of customer relationship management into internal and external programs. Internal programs emphasize on organizational structure, culture and knowledge management while external programs include interactive activities with
customers (for example information exchange with the customer or involving him/her). From this point of view the present paper has focused on external programs of customer relationship management five famous activities of customer relationship management are explained as follows.

Information Sharing

Information sharing refers to the exchange of essential and exclusive information between organizations and their customers through interactive activities. This information includes some matters such as market demand, customer preferences, sales promotion, introducing new products to the market and so on (Mentzer et al., 2000).

Customer Involvement

This term means involving the customer in activities related to development and improvement of a new product, holding technical meetings, supply chain annual conferences, and market evaluation conferences. Usually, customers provide market trend and technical support for the organizations there pore; it should lead to better understanding of future market demands (Sin et al. 2005).

Long-term Partnership

Long-term partnership means that there is commercial relationship with trust and commitment between two parties or two organizations. In this partnership both parties must have similar goals and follow mutual profits based on a reliable and dependable base (Handfield and Bechtel, 2002).

Joint problem-solving

This term can be described as a kind of collaboration between organizations and customers for solving problems and also sharing the responsibility when a problem occurs or difficult and unexpected conditions are encountered (Huang and Chang, 2008).

Technology-based CRM

Sin et al. (2005) believe that this term includes organizations that use computer technology to facilitate different activities of CRM and actively offer technical aids including data storage, data mining and CRM software systems to their customers(Sin et al., 2005)

Innovation

Innovation is derived from the Greek word "Innovare" meaning building a new thing.

Schumpeter (1934) was the first to state innovation in a scientific form. In fact, he sought to realize the factors influencing on the economic growth of countries when he found the crucial role and importance of innovation in the growth of countries.

Peter Drucker (1985), the father of management science, introduced innovations a special tool of entrepreneurs through which one can use change as an opportunity to offer service and business considered innovation as a learnable and applicable capability in organizations. The most important point in Drucker’s definition is the learnable capability of innovation in organizations by entrepreneurs for changing the threats into profitable opportunities (Drucker, 1985).

Different Dimensions of Innovation Capabilities

Looking more meticulously at Joseph Schumpeter’s definition, we could find that he has distinguished four kinds of innovation; furthermore, this division can be seen in the new edition of Oslo instruction. The four kinds are: product innovation, process innovation, marketing innovation and organizational innovation (OECD, 2005).

Product Innovation

Product innovation is the introduction of goods or services, the features and intended uses of which are new or completely improved. This requires considerable revisions in technical characteristics, components and materials, installed software, simplicity in use and befriending consumer or other functional specifications. To arrive at product innovation, we can use new knowledge or technologies or blend new knowledge and technologies with the present knowledge and technologies. It should be kept in mind that the term "product" is used to cover goods or services (OECD, 2005).

Process Innovation

Process innovation is executing and implementing a delivery method or a new or highly improved production method that can be in the form of fundamental changes in methods, equipment and/ or software. Product methods include techniques, equipments and software which are used in producing goods or offering services. Equipping of production line with a new automation and using –computer-aided design for producing product are the examples instances of new production methods (OECD, 2005).
Marketing Innovation

Marketing innovation is implementing new marketing methods including fundamental changes in designing or packing the product, product advertising, supply place or product pricing. The goal of marketing innovation is better understanding of customers, needs, opening new markets and introducing the organizations new product of agency in the market, in order to increase the company’s sale. One of the aspects of marketing innovation is a change in product design which is a part of new marketing concept. Here, change in product design means change in the shape and appearance of the product without any change in the applied or functional features of the product. Innovation in pricing includes using new strategies of product pricing and company’s services in the market. For example a new method is used for the first time to diversifying the price regarding to demand (when demand is low, price is also low) or a new method is introduced allowing the customer to select his/her desired specifications of products in the website of company and observes the prices (OECD, 2005).

Administrative Innovation

Administrative innovation is implementing new organizational methods in business approaches of the agency, workplace organization or external relation. The goal of administrative innovation is increasing company performance by a decrease in administrative costs and exchange costs, improving satisfaction in the work environment, having access to non-tradable incomes(such as non-codified external knowledge) or decreasing in logistics costs(OECD, 2005).

Administrative innovations and administrative changes are different in that administrative innovation is implementing a new organizational approach which has not been used in the organization before. Moreover, these innovations are the result of organizational decisions which are made by the managers. Administrative innovations in business practices include implementing new methods for organizing routine activities and approaches of work guidance. For example implementing a new way for the improvement of learning and knowledge sharing in a company is amongst these innovations (OECD, 2005).

RESEARCH HYPOTHESES AND CONCEPTUAL MODEL

Information Sharing and Innovation Capabilities

Inter-organizational information exchange is very important for creating and developing innovation in the organizational unit. Organizations can use the received information from customers about trends, demand and market competition to introduce more new products and services. Information which provided by customers, facilitates the development of more various and newer products and the correction of the function of present products in order to reply to the needs of the target markets. Information sharing between organizations and customers on market design and processes also enables organizations to adopt technologies that can improve processes and designing innovation capabilities (Lagrosen, 2005).

Information sharing, related to market competition, sale discount, and market demand and trends enable the organization to develop innovative mechanisms in pricing, sale discount, distribution and better marketing strategies. Based on customers’ ideas and information, organizations can improve their customer service systems (Lin and Germaine, 2004). According to the two above cases, the first hypothesis can be defined as follows:

H1: There is a significant relationship between information sharing and exchange and innovation capabilities in Melli Bank.

Customer Involvement and Innovation Capability

Customer involvement is developing new products in order to offer and supply new product successfully is a key factor for organizations. Customer involvement in the primary stages of developing a new product, holding sessions for manufacturing it and market evaluation conferences can encourage the customer to involve in development processes of the new product, the improvement of manufacturing techniques and the design of the product in order to enjoy the innovation process(Lagrosen, 2005).

Through customer involvement, organizations that promote CRM are more capable of understanding and predicting future changes of the market. So, it is very suitable for organizations to apply mechanisms for product volume and internal management (such as volume removing, omitting problems of process and adjusting work shifts and promotion systems) and also cooperate with customers to apply innovative management approaches(Slater and Narver, 2000). According to these explanations second hypothesis is defined as follow:

H2: There is a significant relationship between customer involvement and innovation capabilities in Melli Bank of Iran.
Long-term partnership and Innovation Capability

A significant and important degree of loyalty and trust will develop since both the organization and the customers want to have a long-term partnership. Through strategic agreements and joint companies, organizations are more intended to invest in special equipments, increase volumes, set work shifts and harmonize with swinging needs of the market. As a result, it is more probable that innovative products to develop in such conditions (Jack and Raturi, 2005).

Based on mutual understanding and trust, organizations can have a close partnership with their customers and as a result, they can more precisely recognize the customers’ needs so they can offer more agreeable prices, discounts, marketing strategies and retailing (Lin and Germaine, 2004). According to the above mentioned information:

H3: There is a significant relationship between long-term partnership and cooperation with customer and innovation capabilities in Melli Bank of Iran.

Innovation Capability and Joint Problem-Solving

Joint problem-solving is considered to be the main and key factor for product success and market development. When the customer voluntarily helps with solving the problems related to product designation or technical processes, organization can improve the product quality and the capability of technical processes more easily. So, joint problem-solving factor influences innovation which causes more improvement in present products, processes or services. As it is expected, organizations need to reinforce administrative procedures so that joint problem-solving process is facilitated (Huang and Chang, 2008).

Organizations which are equipped by joint problem-solving mechanisms are in a better position to offer after-sale services, investigation and resolving claims and offering guarantee and maintenance services (Lin and Germaine, 2004). According to these explanations, the fourth hypothesis is defined as follows:

H4: There is a significant relationship between joint problem solving and innovation capabilities in Melli Bank of Iran.

Technology-based CRM and Innovation Capabilities

The role of information systems and technology in reinforcing and backing process innovation has been proved in numerous researches. In order to understand and communicate with customers, organizations should use information technology including online data analysis, data mining, customers’ information systems and services centers. So, organizations can quickly offer new product innovation for customers’ demand. As a result, technology-based CRM will promote innovation in products (Dyche, 2001).

If, through technology-based CRM, organizations gain access to customers’ precise information, they would reply to customers’ demands and would offer better ordered services. In this case, specific marketing strategies would be designed for each group of the target customers. Technology-based CRM, therefore, has a significant relationship with marketing innovation (Wei et al., 2009). The developing information systems and a high concentration on the customer would improve service quality and customer satisfaction. By using data mining instruments some organizations can use insight and recognition derived from data storage to increase sale and offer the products or better and new services. As a result, it can be said that technology-based CRM would increase the operational efficiency, increase the production and improve service quality (Groznik et al., 2008). According to the above mentioned explanations, the fifth hypothesis is defined as follows,

H5: There is a significant relationship between technology-based CRM and innovation capabilities in Melli Bank of Iran.

Fig. 1 shows the relationship between different dimensions of CRM and innovation capabilities.

Figure 1. Conceptual Model

<table>
<thead>
<tr>
<th>CRM Dimensions</th>
<th>H3</th>
<th>H4</th>
<th>H5</th>
<th>Innovation Capabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Sharing</td>
<td></td>
<td></td>
<td></td>
<td>Product Innovation</td>
</tr>
<tr>
<td>Customer Partnership</td>
<td></td>
<td></td>
<td></td>
<td>Process Innovation</td>
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<tr>
<td>Long-term Relationship</td>
<td></td>
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<td></td>
<td>Administrative Innovation</td>
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<tr>
<td>Joint Problem-solving</td>
<td></td>
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<td>Marketing Innovation</td>
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<tr>
<td>Technology-based CRM</td>
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</table>

METHODOLOGY

Present research is an applied research and its method is a correlation one. The data was collected by using "researcher-made" questionnaire composed of 24 questions that evaluate the relationship between different dimensions of CRM and innovation capabilities in Melli Bank of Iran and the reliability obtained by Cronbach’s alpha coefficient is 0.89. Experts and specialists confirmed its validity according to formal or external validity. The statistical population included general top managers including the
Managing director, board of managers, affairs managers, department heads and assistants of Melli Bank of Tehran. According to the bank’s general department of human investment there were 136 participants. Sample size was calculated by use of Cochran formula which showed that 72 samples were needed for carrying out the present research.

In order to study the statistical population with the sample size of 72 participants, 85 questionnaires were distributed out of which 78 questionnaires were returned. According to the questionnaires applicability for analysis, 6 questionnaires were not analyzable and 72 questionnaires were used for carrying out the research. The answers of the sample group were analyzed according to the scoring method of Likert scale of and seven scales. The data related to the variables were obtained by calculating the average score of each element. Also, the indexes were calculated. By using Kolmogrof-Smirnof test, the normality of the dependent variables was evaluated. Also Durbin-Watson test was applied to evaluate the presence of any correlation between errors and variance analysis. In addition, variance analysis was applied to evaluate the linearity or nonlinearity of the relationship between variables .Finally, Pearson correlation coefficient and linear and multiple regression was applied to evaluate the quality of the relationship between the variables.

Research Findings

After collecting and analyzing data by SPSS software following findings was obtained: Kolmogrof-Smirnof test was used to study the normality of dependent variables that results are shown in table 1 in 0.01 meaningful level.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Amount</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation Capabilities</td>
<td>0.447</td>
<td>Normal</td>
</tr>
</tbody>
</table>

Test results of first to fifth hypotheses and main hypothesis in 0.01 significance level are determined in Table 2.

Variance analysis (ANOVA) results show linear relationship between all CRM dimensions and innovation capabilities.

Conclusion and Recommendations

Customer relationship management as an imperative strategy is emphasized for improving the organization’s innovation capabilities. This paper is based on the fact that CRM and innovation capabilities are multi-dimension concepts. So, managers should pay attention to how different activities of CRM are related to different dimensions of innovation capabilities. Considering the points posed in this paper, it can be stated that, in addition to creating recognized advantages, CRM system results in the improvement of the organizational innovation capabilities as well. Different dimensions of CRM system including information sharing and exchanging with customer, customer involvement, long-term partnership, joint problem-solving and technology-based CRM system result in the increase in process, product, marketing, administrative activities and services innovation capabilities. Therefore the organization managers’ attention to establishing CRM to improve innovation capabilities will result in the Improvement of the organizational performance.

REFERENCES


SYNERGISTIC MULTISENSORY BRANDING:
ENGAGING THE SENSES TO ENHANCE THE BRAND EXPERIENCE

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ABSTRACT

Although consumers experience brands from all of their senses, branding has been dominated by the visual sense. However, information conveyed from the five senses has inherent qualitative differences. The authors develop a conceptual model for multisensory branding based on perceived psychological distance as influenced by information modality.

INTRODUCTION

Although the identity of brands is often expressed both visually and through other senses, branding research has been almost exclusively conducted in the visual domain. For example, expounding on the marketing strategy of planned visual communications, Stahl (1964) emphasizes visual synergy across brand advertisements, packaging, label tags, catalogs, and brochures for visual brand identity. Krugman’s (1965) research on influence of TV advertisements on consumer visual behavior and consequent learning under low involvement is another early example focusing on visual domain. We argue that branding is multisensory. Our goal in this paper is to develop a conceptual model for multisensory branding.

Branding is inherently immersed in an astonishing variety of sights, sounds, smells, and touch. The rustle of fine wrapping paper anticipates one’s tasty encounter with Noka chocolate; the smooth-to-touch brochure motivates one to sign-up for that Silversea cruise; and the pleasant ambient aroma encourages one to shop longer at Harrods. Sound, touch, smell…although marketers typically think of branding as involving predominantly visual imagery, there is growing evidence that a brand is truly multisensory (Elder and Krishna 2010).

The brand experience comes to life at the intersection of sensation, feelings, cognition, and behavioral responses of the consumer (Brakus et al. 2009). Rooted in sensory information, experiences can be inherently informative providing consumers with decision cues. When one considers that on average supermarkets in the US today, carry over 30,000 products—over 3 times the number 30 years ago, it is easy to appreciate that consumers should lean on a variety of sensory cues rather than complex ‘rational’ cognitive processing to make product decisions. Further, this “hyper choice” (Mick, Broniarczyk, and Haidt 2004) in the marketplace increases consumer regret on non-purchased items such that consumers simply walk away from decisions where ‘no choice’ seems to be the best option.

Consumers lacking in ability or opportunity to make a rational analysis (Petty and Cacioppo 1986) may alternatively leapfrog over the information overload by depending upon sensory cues to make brand choices. However, consumers experience a brand by integrating stimuli from more than one sense. When evaluating a certain automobile brand, for example, consumers are certainly influenced by the visual appearance enough to include a car in their consideration set. But other senses drive the eventual choice. After all, a quality car should not be expected to emanate a clunking, pinging, spluttering, or hissing sound. As the consumer slides into the seat for a test drive, the seats begin a tactile conversation with the prospective consumer. “How do you feel at your lumbar and shoulders? Soft, or firm? Are you comfortable? Do you feel in control? Does the DVD slide smoothly into the dash? What memories does the aroma conjure up in your mind? Is the car aggressive, or luxurious? Information from different senses seamlessly coalesces into an overall brand experience. That experience leads to a sense of reassurance that a right choice is being made.
Interestingly, these heuristic cues may be subliminal and automatic; i.e., consumers may not actually ‘know’ that they are in fact making a judgment based on a subliminal auditory or olfactory cue. For instance, a leathery smell in a car’s interior could cue superior quality and finish in a car that may not even use leather upholstery.

Hamilton and Sherman (1996) distinguish between integrative processing and retrospective processing; integrative processing involves instantaneous judgments and resolution of inconsistencies among streams of information. In other words, information is organized as it is encoded. In contrast, retrospective processing involves memory-based judgments where information is organized at retrieval and judgments are delayed until all available information is organized. Hamilton and Sherman (1996) suggest that where unity, coherence, and consistency among different streams of information are high (i.e., "entitativity" of the stimulus is high’) integrative information processing occurs. Because integrative processing is faster, these judgments tend to be a) more extreme and, b) held with greater confidence. Therefore, stimuli from all sensory inputs must be synergistic if true brand relevance is to be obtained.

Coherent multisensory branding is likely to produce lucid judgments that consumers would hold with high confidence. Consider the following brand experience involving a digital camera. One hears a shutter sound as the camera clicks. Even though digital cameras do not have a shutter mechanism, a co-occurring ‘fake click’ is consistent in this experience reassuring the customer that the product is authentic. Thus, coherent multisensory branding is likely to produce synergistic judgments that consumers would hold with greater confidence. Human beings have learned to rely, interpret, and associate information from the five sensory modalities by virtue of stimuli’s inherent sensory characteristics.

**Sight**

Even though the most salient sense, sight may receive too much credit in helping consumers assess a brand’s relevance. The visible part of the electromagnetic spectrum is what consumers can see/sense with their eyes. Their eyes give them a very limited view of the world. They cannot see the infrared beam darting from their remote to the TV, nor the radiowave that opens the keyless door of their cars, or even the micro waves that heat up their food. In all these situations they rely on other modalities to authenticate their experiences, such as the beeping sound from the microwave informing them that their food is cooked. To marketers, sight represents action from an arm’s length; and, in keeping with the adage “seeing is believing,” marketers rely a great deal on sight for initial awareness of their product.

Marketers strive to configure the shape, size, and color of their branding elements to convey the promise of an authentic experience. A particular paper shredder is wide at the shoulders, with a metallic sleeve and a contrasting "wrought iron finish body"...all oozing a powerful image congruent with one’s corner office, until the user realizes that one needs ear plugs to drown out the noise produced when the “muscular” shredder goes to work. Information from sight equally carries with it the unspoken prejudice that “appearances may be deceptive.”

**Sound**

Unlike sight which requires one to turn one’s face to witness the communication, sound is omnidirectional. A consumer may close his/her eyes or walk away from the television to avoid the stimulus, but it is far more difficult to shut one’s ears. A near enough consumer cannot escape a marketer’s phonic message. An automobile provides an excellent captive auditory chamber. Sonic branding is increasing in relevancy with this recognition that even when a product cannot be seen, it still may be heard. Some astute brands like Intel, Microsoft, and Harley-Davidson have done exceptional job of leveraging their brand sounds.

Research on phonetic symbolism and psycholinguistics demonstrates systematic relationships between verbal/linguistic sound, meaning and memory for brand names (Klink 2003; Lowrey and Shrum 2007; Lowrey, Shrum and Dubitsky 2003). Yorkston and Menon (2004) had participants evaluate two fictitious names—Frisch (frontal vowel sound) and Frosh (back vowel sound) differing on vowel sounds for an icecream brand. Frosh was significantly associated with a rich icecream evidencing sound symbolism. The influence from sonic branding may be even more subtle; for instance, Argo and colleagues (Argo, Popa, and Smith 2010) show that repeating sound structure in a brand name (e.g., Kit Kat, Tutti Frutti) could provoke a positive affect, in turn mediating brand evaluations.

**Smell**

Firms have endeavored to trademark scents for diverse products such as sewing thread, automobile tires, and tennis balls (Krishna, Lwin, and Morrin 2009) even though scent, by itself, may not add to the product’s quality in these instances. Scent is,
however, particularly effective at enhancing memory for product information. In addition, it can alter the decision context by changing the consumer’s mood. Aromacology is a growing field of study which scientifically documents the effect of smell on humans, specifically how it influences mood, physiology, and behavior (Herz 2009).

The sense of smell reaches the brain faster than any other sense...it is the most direct sense to the brain, it is a direct outgrowth of the brain. According to the Howard Hughes Medical Institute website, the human nose is capable of detecting 10,000 different odors in as little a concentration as parts per trillion. Sense of smell is also omnidirectional. In a branding context, it’s not just that a smell may be “good or bad” that matters, but that it is authentic to the situation. For example, burning leaves at an autumn bonfire may lend authenticity to the event, but could conceivably produce a sense of fear in other contexts. The smell of popcorn at a movie theatre, that “new car smell”, the smell of candles and candy at a Hallmark retail outlet, the smell of a leather car interior, the smell of coffee at a Starbucks, the smell of tobacco at a cigar shop, even the smell of certain types of newspaper ink can all have significant impact upon one's memory immediately upon exposure to the aroma.

While an extremely powerful sense, particularly when considering memory, the sense of smell must be synergistically aligned with the other senses associated with a particular brand if it is to be effective when communicating a unified brand message. Imagine a very attractive companion with admirable qualities to the point where the “personal brand relationship” is severely hampered.

**Touch**

Weight, friction, texture, resistance, pressure, and temperature are all different ways the sense of touch can influence brand choices. Even though a product’s packaging may be visually appealing it might act as a barrier to tactile exploration alienating the consumer at a retail store (Peck and Childers 2003). Sometimes a negative aspect of packaging can provide positive cues. McDaniel and Baker (1977) showed that potato chips in harder-to-open wax-coated bags, cued consumers to believe that the chips tasted better. A recent study by Krishna and Morrin (2008) shows that water served in flimsy plastic cups was judged to taste worse than water in firm cups, suggesting thereby marketing implications for packaged products. And in practice a firm actually adds weight to its consumer electronic device to give it a stronger sense of quality. Might a can of Coke that feels cooler to touch in the palm than a plastic bottle provide greater satisfaction? Might the texture of meat have an impact upon its perceived taste? Sense of touch, provides useful cues and could drive brand choices, and either detract or enhance the brand experience.

**Taste**

The sense of taste sense is rarely contemplated in branding non-food products – and therefore, marketers are missing significant opportunities to strengthen their brand experiences. What taste lingers as one licks a finger to turn the page while reading a favorite magazine? What memories might the newsprint taste conjure? Should orthodontists worry about the flavor in the wax used to mitigate the pain from poking braces? Would a dentist’s mint flavored oral surgical gloves improve patient satisfaction? Might a doctor with a flavored oral thermometer seem less threatening to his ten year old patient? Should stamps have flavors unique to the particular regions that they represent? Might flavored envelopes create a unique position in the marketplace? How might consumers react to fruit-flavored dental floss? Could there be a market for writing instruments associated with certain flavors, or “flavored napkins” appropriate for specific meals? These are just a few examples of how marketers could consider conceivably the most intimate sense, “taste,” as a viable weapon in their branding arsenal. And when well coordinated with other senses, taste might serve as the sense that makes for a truly unique, and synergistically aligned, branding experience.

**THE MULTISENSORY BRANDING MODEL**

When it comes to the five senses the sum is more than the parts. Doctors read the thermometer, listen to the heartbeat, and feel the pulse before pronouncing a diagnosis. In an interesting experiment connoisseurs of wine rated a the taste of a white wine that was colored red with an odorless dye as though it were red wine. Thus, the way food looks or smells could affect the taste (Small 2008). More recently, Wesson and Wilson (2010) show that sound and smell interact to create a “smound” sense. The implication is that the sense of smell is enhanced or suppressed in the presence of certain sounds. Might that vial of perfume smell better when classical music is played alongside on a piano? A well-coordinated, visual and non-visual sensory experience, incorporating as many of the senses as possible, if consistent with the brand
consumption context, can favorably influence consumer decisions and choice and dramatically influence the brand experience. Further, even though visual perception dominates rational judgments, it is conceivable that non-visual sensory information may lend greater authenticity owing to the fluency effects discussed above.

The synergistic coordination of all the senses can easily be summarized in the subliminal interpretation provided in Figure 1.

![Figure1: Multisensory Information and Psychological distance](image)

Non-visual dimensions are more personal. One may see objects at a distance; objects will have to be nearer for auditory recognition much closer for olfactory recognition; literally in contact for tactile recognition and ingested for recognition by taste. In other words, there exists an illusory correlation between sensory modality of the information and psychological distance. According to construal level theory (Trope and Liberman 2003) an object can be perceived at different levels of psychological distance. Whereas psychologically distant objects are evaluated in more abstract terms, psychologically proximal objects are evaluated in more concrete terms. Therefore, visual presentation could encourage consumers to take a more dispassionate view of a brand; in contrast non-visual presentations could lead to a more impassionate association with the brand. For those who see a cat as a four-legged mammal (abstract thinking) any cat food should be fine (concrete thinking); but for my own pet with which I have a seemingly personal relationship only Meow mix will do.

The more senses a brand manager can invoke with his/her brand, the further the customer is taken toward the center of the model, and the more brand intimacy that will be invoked. The key, however, is not simply involving more senses with the brand, but with guaranteeing the variety of senses are synergistically coordinated. One might associate a smooth, quiet ride as qualities of a well-built motorcycle, but these elements are not necessarily associated with Harley-Davidson. Reaching deep into the senses with a brand initiative is obviously important, but doing so with a synergistic, well-coordinated, multisensory manner is essential. It is only after a brand is fully sensory integrated that maximum brand intimacy can be attained, and full market potential achieved.

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THE AFFECT OF INNOVATION CHARACTERISTICS ON PRODUCT DIFFUSION

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ABSTRACT

This research connects innovation characteristics with the Bass (1969) diffusion model. Using consumer evaluations innovation characteristics are measured for 30 products then Bass model parameters are estimated. As a result of this exploratory study, product researchers may develop a product’s life-cycle forecasting method to supplement the analogy by aspects approach.

INTRODUCTION

An innovation is frequently defined as something perceived to be new in the eyes of a potential adopter (Rogers 2003). The rate in which an innovation becomes diffused throughout a market segment depends on several elements such as the communication process, social system structure, time, and innovation specific characteristics (Rogers 2003; Lundbland 2003). Characteristics of the innovation are said to affect the likelihood and speed of its diffusion within a social system (Gatignon and Robertson 1985). This notion has been studied in agricultural economics literature (Feder 1982; Fliegel and Kivlin 1966) and organizational behavior (Lundbland 2003; Zaltman, Duncan and Holbek 1973) but less in consumer goods notwithstanding Holak (1985; 1988), Holak, Leman and Sultan (1987), and Holak and Lehman (1990).

In a seminal meta-analytic study Ostland (1974) finds support for the positive relationship trialability, observability, relative advantage and compatibility has on the rate of diffusion, while complexity, as predicted, has a negative effect. Conversely, Henard and Szymanski (2001) investigate product characteristics as well as other innovation features and fail to find such conclusive support. In fact, to date no study has measured the five Rogersian (Herbig and Day 1992) characteristic of innovation’s relative impact on the subsequent diffusion of the innovation.

Managers that want to introduce a new product into the market have great interest in being able to forecast demand for the product. To do so, the Bass Model (1969) has been remarkably accurate in describing the demand structure of a product throughout the product’s introduction. A requirement, however, of the model is a presumption of the coefficients for innovation (p) and imitation (q). Traditionally, managers use a ‘reasoning by analogy’ method to predict these parameters where p and q are estimated from a previously launched product with similar attributes and those values are reasoned to be close to what the new product’s p and q will be. The contribution we make with this research is to further describe the relationship product characteristics and product adoption with the goal of better predicting the coefficients of innovation and imitation. If successful, managers will have another tool at their disposal whereby p and q might be directly estimated from the product to be launched without using a process of reason by analogy.

INNOVATION CHARACTERISTICS AND DIFFUSION

Traditionally, consumers become adopters as a result of how they come across information about an innovation. Early adopters rely on information from outside their social system such as advertising and mass media whereas later adopters rely more on internal information sources such as word of mouth. Thus, the innovation-decision process is essentially an information-seeking and information-processing activity where individuals wish to lower uncertainty about the advantages and disadvantages of the innovation (Rogers 2003). In order for consumers to buy into and accept an innovation they are exposed to minimal levels of at least six different elements of innovation. Those elements are originally outlined in Rogers (1983) and include trialability, compatibility, relative-advantage, observability, which are positively related to adoption and complexity which is negatively related to adoption. Additionally, perceived risk is found to be an important element negatively associated with the innovation.
adoption (Ostlund 1974). Previous literature suggests that characteristics of an innovation may be associated with the rate in which a product is accepted in the market (Peterson and Mahajan 1978). Therefore, a natural extension of this literature would be to explore the relationship innovation characteristics and diffusion share.

A popular three parameter model used in estimating a product’s pattern of diffusion is the Bass Model. When these parameters are accurately predicted, a forecast of how long it will take for an innovation to become dispersed in a social system or in a market segment is possible. Based primarily on a hazard function, Bass model parameters are said to account for internal and external market influences. Such parameters are called the rate of innovation (p) and the rate of imitation (q). As an innovation becomes diffused, the relative effect of p declines and q increases. The diffusion pattern (curve shape) is an outcome of the aggregated adoption decisions for an entire market. These decisions are influenced by adopter’s personal characteristics, perceived innovation characteristics, personal influence, and marketing and competitive actions. The implication is that the distribution of aggregated adopter-decisions is not static, but rather subject to personal characteristics, perceptions of innovation by degree, influence by prior adopters, and influence by external forces such as marketing and competitors. Accordingly, Peterson and Mahajan (1978) suggest the presence of innovation characteristics is likely to affect the coefficients of imitation and innovation. Therefore, in this exploratory research we form the general proposition that the product characteristic of trialability, observability, relative advantage and compatibility, complexity and risk are significantly related to Bass model parameters p and q which influence the rate of adoption through innovation and imitation.

STUDY

Method and Measures

This study involves consumers reading, then reflecting on various innovations and responding to an online survey which measures respondent’s perceptions of the innovation. The innovations are all products that have been previously launched and have either known diffusion parameters established in prior literature or documented annual sales data. In all, thirty products which were launched between 1972 and 2000 are evaluated. By using existing products with known sales data model parameters are estimated upon which research propositions are investigated.

Each product is a consumer durable, limiting this research to first purchase modeling (see, Table 1 for products and parameter values). In all, thirteen products were used from prior literature coming primarily from Mahajan, Muller and Wind (2000). As an extension to prior research and in an attempt to increase the generalizability of this current research seventeen additional products are added. Annual sales data was obtained for the new products from the Consumer Electronics Association. The data is aggregated US sales of each product from the manufacturer to reseller. The products are all in various stages of diffusion with the earliest having been launched in 1980 and the latest 2000. All products’ sales data extends from its year of launch through 2005.

Parameter estimates for each product are made using the SAS statistical software package’s Proc NLIN statement for non-linear least squares (SAS Institute 1999, pg. 2373). This procedure allows for the estimation of non-linear distributions and follows the research tradition of Srinivasan and Mason (1986) followed by Jain and Rao (1990). This estimation technique can handle non-linear data patterns and overcomes potential time-interval bias which least squares estimation is subject to. Therefore, estimated p and q values from this and prior studies are used as dependent variables.

Independent variables include the aforementioned innovation characteristics (see, Table 2 for measures, EFA and CFA results). Relative advantage is cited as the most significant of the five in terms of rate of adoption. It relates to the degree in which the consumer perceives the new innovation to be different from the existing technology and how much incremental benefit they gain from adopting the innovation. If the innovation is perceived as slight and almost non-existent, the consumer will use this information in considering whether it’s worth adopting the new item. Trialability refers to the opportunity consumers have to use and try the innovation out or experiment with it on a limited basis. This element helps lower risk and allows the consumer to make first hand judgments on the product. Trying the product brings meaning to the buyer and reduces uncertainty about its use. Observability refers to the ability of the consumer to see others using the innovation work. An important factor is that results of the innovation are noticed and understood to be coming from the innovation. If this connection is not made, than observability is not met. Compatibility refers to how well the innovation fits into the consumers existing pattern of life or social structure. Included in this element is the ability the innovation has to fit with existing components. Rogers (2003) identifies two ways a product might be incompatible. First, if the product may be incompatible with prior product introductions and extensions and second, it may incompatible with exiting consumer expectations. Aggarwal, Cha and Wilemon (1998) highlight incompatibility as a barrier for ‘really-new’ products to be adopted. Complexity in an innovation refers to the level of conceptual and technical depth the innovation has. The more complex
Table 1: Product Summary

<table>
<thead>
<tr>
<th>Product</th>
<th>p</th>
<th>q</th>
<th>m (1000's)</th>
<th>Start</th>
<th>Stop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microwave</td>
<td>0.002</td>
<td>0.357</td>
<td>91.6</td>
<td>1972</td>
<td>1990</td>
</tr>
<tr>
<td>Calculator</td>
<td>0.145</td>
<td>0.495</td>
<td>100</td>
<td>1973</td>
<td>1979</td>
</tr>
<tr>
<td>Coffee Maker (ADC)</td>
<td>0.077</td>
<td>1.106</td>
<td>32.2</td>
<td>1974</td>
<td>1979</td>
</tr>
<tr>
<td>* Rack Audio</td>
<td>0.0095</td>
<td>0.38</td>
<td>17</td>
<td>1980</td>
<td>2005</td>
</tr>
<tr>
<td>* PC Printers</td>
<td>0.0012</td>
<td>0.25</td>
<td>344.4</td>
<td>1980</td>
<td>2005</td>
</tr>
<tr>
<td>Cable TV</td>
<td>0.1</td>
<td>0.06</td>
<td>68</td>
<td>1981</td>
<td>1994</td>
</tr>
<tr>
<td>VCR</td>
<td>0.025</td>
<td>0.603</td>
<td>76.3</td>
<td>1981</td>
<td>1994</td>
</tr>
<tr>
<td>Home PC</td>
<td>0.121</td>
<td>0.281</td>
<td>25.8</td>
<td>1982</td>
<td>1988</td>
</tr>
<tr>
<td>* Portable Tape Player</td>
<td>0.021</td>
<td>0.2581</td>
<td>245.6</td>
<td>1983</td>
<td>2005</td>
</tr>
<tr>
<td>* Rear Projection TV</td>
<td>0.0058</td>
<td>0.2641</td>
<td>17.5</td>
<td>1983</td>
<td>2005</td>
</tr>
<tr>
<td>Tel. Answ. Machine</td>
<td>0.259</td>
<td>0.041</td>
<td>69.6</td>
<td>1984</td>
<td>1996</td>
</tr>
<tr>
<td>Cordless Telephone</td>
<td>0.004</td>
<td>0.338</td>
<td>67.6</td>
<td>1984</td>
<td>1996</td>
</tr>
<tr>
<td>CD Player</td>
<td>0.001</td>
<td>0.157</td>
<td>29.6</td>
<td>1986</td>
<td>1996</td>
</tr>
<tr>
<td>Camcorder</td>
<td>0.044</td>
<td>0.304</td>
<td>30.5</td>
<td>1986</td>
<td>1996</td>
</tr>
<tr>
<td>Power Leaf Blower</td>
<td>0.013</td>
<td>0.315</td>
<td>26</td>
<td>1986</td>
<td>1996</td>
</tr>
<tr>
<td>Cell Phone</td>
<td>0.008</td>
<td>0.421</td>
<td>45.1</td>
<td>1986</td>
<td>1996</td>
</tr>
<tr>
<td>* DBS Satellite</td>
<td>0.0005</td>
<td>0.4</td>
<td>16</td>
<td>1986</td>
<td>2005</td>
</tr>
<tr>
<td>* Portable CD</td>
<td>0.006</td>
<td>0.32</td>
<td>387.7</td>
<td>1987</td>
<td>2005</td>
</tr>
<tr>
<td>* TV/VCR Combos</td>
<td>0.00734</td>
<td>0.4198</td>
<td>48.6</td>
<td>1990</td>
<td>2005</td>
</tr>
<tr>
<td>Electric Toothbrush</td>
<td>0.11</td>
<td>0.548</td>
<td>14.8</td>
<td>1991</td>
<td>1996</td>
</tr>
<tr>
<td>Plasma DTV</td>
<td>0.0009</td>
<td>0.76</td>
<td>550</td>
<td>1994</td>
<td>2005</td>
</tr>
<tr>
<td>* Caller ID</td>
<td>0.1</td>
<td>0.4811</td>
<td>38.5</td>
<td>1996</td>
<td>2005</td>
</tr>
<tr>
<td>* Theater in Box</td>
<td>0.012</td>
<td>0.43</td>
<td>38</td>
<td>1996</td>
<td>2005</td>
</tr>
<tr>
<td>Digital Camera</td>
<td>0.00402</td>
<td>0.7007</td>
<td>132.6</td>
<td>1996</td>
<td>2005</td>
</tr>
<tr>
<td>* DVD Player</td>
<td>0.012</td>
<td>0.88</td>
<td>10.5</td>
<td>1997</td>
<td>2005</td>
</tr>
<tr>
<td>Family Radios</td>
<td>0.016</td>
<td>0.953</td>
<td>66.3</td>
<td>1997</td>
<td>2005</td>
</tr>
<tr>
<td>* Digital Television</td>
<td>0.001</td>
<td>0.92</td>
<td>554.1</td>
<td>1998</td>
<td>2005</td>
</tr>
<tr>
<td>PDA</td>
<td>0.0787</td>
<td>0.4011</td>
<td>49.4</td>
<td>1999</td>
<td>2005</td>
</tr>
<tr>
<td>* Portable MP3 Player</td>
<td>0.00026</td>
<td>0.73</td>
<td>1800</td>
<td>1999</td>
<td>2004</td>
</tr>
<tr>
<td>* Portable Navigators</td>
<td>0.0109</td>
<td>0.5819</td>
<td>8.3</td>
<td>2000</td>
<td>2005</td>
</tr>
</tbody>
</table>

* New products to the diffusion literature

Finally, perceived risk is a function of how much the individual feels the innovation will perform as it claims to. Though not one of the original five Rogersian (Herbig and Day (1992) characteristics of an innovation, reduction of risk has been shown to be highly negatively related to the rate of diffusion (Sheth 1968; Ostlund 1974; Shoemaker and Shoaf, 1975).

Study Sample

This study required a sample of individuals that are capable of making a retrospective evaluation of products that have been previously diffused. In this research it would also be desirable for respondents to be from the original target market of the products when it was launched. If the respondent was not in the original market, then they may not be able to represent consumer impressions of the product during launch. Therefore, adults were sought that were among the potential consumer market for each product during this time.

A total of 464 responses were collected over a four day recruitment period. Respondents were self-selected from a panel of on-line participants recruited through the marketing research firm. Respondent’s only criterion for participation was that they be 30 years of age or older. Due to the method of recruitment, this study is limited since data on non-responders is not available.
Table 2: Innovation Characteristics: Scale item EFA and CFA Path Coefficients

<table>
<thead>
<tr>
<th>Construct and Items (α)</th>
<th>EFA Factor Loading</th>
<th>CFA* Path Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trialability (α = .88)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. This product can be tried before purchase.</td>
<td>0.88</td>
<td>0.83</td>
</tr>
<tr>
<td>2. This product can be experimented with without making a purchase commitment.</td>
<td>0.91</td>
<td>0.92</td>
</tr>
<tr>
<td>3. I could try this product for a limited time or sample a small portion of this product.</td>
<td>0.88</td>
<td>0.80</td>
</tr>
<tr>
<td>Observability (α = .77)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. It would be common to see this product in use by others.</td>
<td>0.82</td>
<td>0.75</td>
</tr>
<tr>
<td>2. If I adopted this product others could see me using it.</td>
<td>0.74</td>
<td>0.66</td>
</tr>
<tr>
<td>3. I can observe this product being used by others.</td>
<td>0.90</td>
<td>0.78</td>
</tr>
<tr>
<td>Compatibility (α = .80)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. This product is in-keeping with potential adopter's self image.</td>
<td>0.90</td>
<td>0.80</td>
</tr>
<tr>
<td>2. This product compliments other products currently owned by the potential adopter.</td>
<td>0.87</td>
<td>0.77</td>
</tr>
<tr>
<td>3. This product fits into potential adopter's existing lifestyle or social class.</td>
<td>0.85</td>
<td>0.90</td>
</tr>
<tr>
<td>Complexity-(α = .90)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. The product requires a high general level of knowledge to use.</td>
<td>0.92</td>
<td>0.89</td>
</tr>
<tr>
<td>2. This product takes a considerable amount of time to learn how to use.</td>
<td>0.93</td>
<td>0.94</td>
</tr>
<tr>
<td>3. The operator’s manual is lengthy for this product.</td>
<td>0.88</td>
<td>0.79</td>
</tr>
<tr>
<td>4. Special skills are required for installation/assembly.</td>
<td>0.77</td>
<td>0.72</td>
</tr>
<tr>
<td>Relative Advantage (α = .87)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. This product is more comfortable to use than others that meet similar needs.</td>
<td>0.87</td>
<td>0.65</td>
</tr>
<tr>
<td>2. This product is more reliable than others that meet similar needs.</td>
<td>0.86</td>
<td>0.89</td>
</tr>
<tr>
<td>3. This product is more durable than others.</td>
<td>0.86</td>
<td>0.86</td>
</tr>
<tr>
<td>4. This product is more efficient than others.</td>
<td>0.78</td>
<td>0.77</td>
</tr>
<tr>
<td>Product Risk (α = .89, reverse coded)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. This product will do what it claims it will do</td>
<td>0.90</td>
<td>0.76</td>
</tr>
<tr>
<td>2. This product is will perform reliably and consistently.</td>
<td>0.91</td>
<td>0.92</td>
</tr>
<tr>
<td>3. I am confident that this product will perform as expected</td>
<td>0.89</td>
<td>0.90</td>
</tr>
</tbody>
</table>

\[ \chi^2_{155} = 345.27 \ (\chi^2/df = 2.23), \text{RMSEA} = .051, \text{CFI} = .98, \text{GFI} = .93, \text{NFI} = .96, \text{IFI} = .98 \]

In short, it is not possible to know what, if any, differences exist in respondent characteristics between those who did and those who did not participate (see, Table 3 for sample statistics).

**RESULTS AND DISCUSSION**

To identify the relationship between the various dimensions of innovation and the characteristics of diffusion denoted by p and q, linear regression was used such that the six innovation characteristics measured were regressed on the log of p and the log of q. Natural logarithms were used to correct the non-normality associated with the original values of p and q. The results of each estimated model is reported in Table 4. The prediction model for q is not significant while the model for p is at the .05 level (by observing the \( F \)-statistic).
Table 3: Respondent Sample Descriptive Data

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>198</td>
<td>42.7%</td>
</tr>
<tr>
<td>Male</td>
<td>253</td>
<td>54.5%</td>
</tr>
<tr>
<td>Missing</td>
<td>13</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

Annual Household (in US Dollars)

<table>
<thead>
<tr>
<th>Annual Household</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - 15,000</td>
<td>39</td>
<td>8.5%</td>
</tr>
<tr>
<td>$15,001-30,000</td>
<td>74</td>
<td>16.1%</td>
</tr>
<tr>
<td>$30,001-50,000</td>
<td>116</td>
<td>25.2%</td>
</tr>
<tr>
<td>$50,001-75,000</td>
<td>116</td>
<td>25.2%</td>
</tr>
<tr>
<td>$75,001-100,000</td>
<td>65</td>
<td>14.1%</td>
</tr>
<tr>
<td>$100,001-150,000</td>
<td>34</td>
<td>7.3%</td>
</tr>
<tr>
<td>$150,001 – up</td>
<td>16</td>
<td>3.4%</td>
</tr>
<tr>
<td>Missing</td>
<td>4</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

Age (years)

<table>
<thead>
<tr>
<th>Age (years)</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>54.46</td>
<td></td>
</tr>
<tr>
<td>Maximum</td>
<td>94</td>
<td></td>
</tr>
<tr>
<td>Minimum</td>
<td>30</td>
<td></td>
</tr>
</tbody>
</table>

Table 4: Model Results

<table>
<thead>
<tr>
<th></th>
<th>Log P</th>
<th>Log Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>-3.768</td>
<td>-0.936</td>
</tr>
<tr>
<td>Trialability</td>
<td>0.024</td>
<td>-0.032</td>
</tr>
<tr>
<td>Observability</td>
<td>0</td>
<td>0.068</td>
</tr>
<tr>
<td>Compatibility</td>
<td>-0.008</td>
<td>-0.091</td>
</tr>
<tr>
<td>Complexity</td>
<td>-0.210*</td>
<td>0.05</td>
</tr>
<tr>
<td>Relative Advantage</td>
<td>-0.064</td>
<td>-0.178**</td>
</tr>
<tr>
<td>Risk</td>
<td>-0.148**</td>
<td>0.083</td>
</tr>
<tr>
<td>F-statistic</td>
<td>2.818**</td>
<td>1.68</td>
</tr>
<tr>
<td>R²</td>
<td>0.04</td>
<td>0.024</td>
</tr>
</tbody>
</table>

* .01, ** .05

In reviewing the significant items, we think it seems reasonable that risk and complexity explain a significant amount of variance in the coefficient of innovation (p). While relative advantage may significantly explain variance in the coefficient of imitation, incomplete sentence (q). However, both models are very weakly (if at all) supported. This finding is disconcerting yet not altogether surprising. The cause
and subsequent interpretation of parameters p and q have are difficult to accurately predict them. To the extent that up till now no research methods exist that provide valid measures for these coefficients of innovation and imitation except through a process of reason by analogy. It is no surprise that complexity, risk and relative advantage appear to have some predictive power because these variables have been found to be highly influential on adoption in prior literature (Holak and Lehman 1990).

**CONCLUSION, LIMITATIONS AND FUTURE RESEARCH**

An important consideration in using the Bass model to estimate future sales model is the post-dictive nature of the forecasts. Historical information (at least 3-4 reporting periods) must be used for estimating both p and q. To use the model as a predictive manner the researcher often finds equivalent products that act as proxy measures from which predictions of the focal product can be made. If, however, product characteristics can be assessed and successfully related to otherwise unpredictable model parameters, then, perhaps, more accurate sales forecasts can be made.

The stated goal of this research is to measure the relationship between various innovation characteristic and diffusion model parameters p and q. By doing so, this study has accomplished several outcomes. First, innovations characteristics were successfully measured showing a strong ability to measure the underlying constructs of interest. Second, a new set of products has been introduced to this literature for future consideration and review. Third, some significant relationships were identified between various characteristics and the diffusion parameters p and q.

A known limitation to this method of study is its post-dictive nature and possible introduction of a pro-innovation bias. This bias was first identified by Rogers and Shoemaker (1971) reference not in the bibliography and involves the assumption that an innovation should be adopted by all the members of the social system. The use of only innovations that have been successfully diffused limits the response data by excluding information about failed products. Unfortunately, failed product sales history is rarely saved and without which estimable diffusion parameters can’t be used. As a result, the influence innovation characteristics on product diffusion is estimated by using incomplete market information. This method does, however, offer reliable diffusion parameter estimates because successfully diffused products have well established coefficients of innovation and imitation. Therefore, these values are used as valid dependent variables and in doing so help eliminate estimation error.

Moving forward future research in the area should continue to test aspects of the innovation that may explain the meaning of these abstract model parameters. Certainly, we know that innovation characteristics influence an individual’s adoption decision, yet as the level of inquiry broadens to the aggregated market level, it is increasingly more difficult attach the same meaning to innovation characteristics. Theoretically, we should expect that the perception of innovation characteristics may be used to predict the distribution of sales over a product’s life and to an extent this research opens the door to this form of research.

The Bass (1969) model may be written as: $St = p(M - Yt) + q(Yt/M)(M - Yt)$, where, M is market size, Yt is the cumulative users at time t, and St is adopters at time t.

**REFERENCES**


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Zaltman, Gerald, Robert Duncan and Jonny Holbec (1973), Innovations and Organizations, New York: Wiley and Sons.
ONLINE BRAND DIMENSIONS AND CUSTOMER PERCEPTIONS OF THE BRAND: THE ROLE OF BRAND RECOVERY ACTIVITIES WITH BROKEN BRAND PROMISES

Sandipan Sen, Southeast Missouri State University
Richard A. Rocco, DePaul University

ABSTRACT

Interviews with brand managers support that companies are challenged with managing their brands between their traditional offline branding strategies and interactive online brand relationships with customers. Consequently, possible online brand failures can create challenges for companies and negative experiences for customers. In understanding the relative effectiveness of an organization’s branding efforts, the identification and resolution of potential gaps between the brand promise and perceptions is critical.

The present study proposes a research model that incorporates three brand dimensions as a means to understand their impact on consumer brand perceptions and outcomes. Based on the service recovery literature and interviews with brand managers, three brand recovery activities are proposed and introduced into the model as a means of understanding their role, relationship, and impact on brand perception gaps (broken brand promises). Today's complex branding environment poses significant challenges to marketers. Consequently, the identification of brand perception gaps as well as the understanding of possible brand recovery activities can offer both academics and brand managers additional insights into recovery strategies to improve brand outcomes when brand failures or “broken brand promises” occur.

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A BI-COUNTRY ANALYSIS OF COLLEGE STUDENTS’ SOCIAL MEDIA PREFERENCES, FREQUENCY AND REASONS FOR USE

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ABSTRACT

Through social media networks, companies can increase brand awareness, web traffic, search engine optimization and customer loyalty. The purpose of this research is to better understand preferences, frequency and use of social media sites between US and Brazilian college students and to recommend how companies might tailor social media strategies to them.

INTRODUCTION

According to Evans (2008), “Social media is defined as the democratization of information, transforming people from content readers into content publishers. It is also the shift from a broadcast mechanism to embedded conversations between authors, people, and peers. Social media can take many forms, including internet forums, message boards, weblogs, wikis, podcasts, pictures and videos.” From a marketer’s perspective, social media is a way to interact with customers and learn more about consumer behavior and opinion on products and services. Social media has become increasingly important to marketers because word-of-mouth marketing is increasingly manifesting itself through social media. An estimated 3.5 billion word-of-mouth conversations occur around the world each day with about 2.3 billion referencing a brand, product, or service (Evans, 2008). While Internet usage for college students has increased social networking online has grown at an even more accelerated pace. The increasing use of the internet for socialization has major implications for marketers. The potential negative impact on the bottom line of marketers relying on the use of historical media to reach a technically savvy market may be significant, cannot be overlooked and therefore warrants continued investigation. The purpose of this research is to better understand preference, frequency and reasons for use of various social media sites among college students in the United States and Brazil and to recommend how companies in both countries might tailor social media strategies to more effectively market to them. The technology acceptance model suggests technologies which are perceived as easy to use and useful facilitate consumer acceptance (Davis, 1989, Porter and Donthu, 2006).

BACKGROUND

Social media are channels of communication that encourage interaction between people in the digital world. Marketing in social media is a brand new leading edge form of communication which allows companies to interact with their audience and predict successful results at low costs. According to Red Bridge Marketing (2009), the benefits of social media marketing are numerous. Through social media networks, companies can increase product and brand awareness, increase web traffic, improve search engine optimization, increase customer loyalty and improve the success of new product launches. A survey of life science marketing professionals conducted by Red Bridge Marketing predicted an increase in the use of social media marketing in 2009 over 2008 in the United States. Red Bridge Marketing actually found that 15.2% of companies used social media marketing in 2008 and 21.2% planned to start using it in 2009.
Several companies in the United States have implemented social media marketing as part of their marketing plans and have leveraged various social media outlets such as Facebook and Twitter to promote brands and engage with customers. According to Eastman Kodak (2009), companies can use social media to quickly share information with people interested in the company, to gather real-time market intelligence and feedback, and to build relationships with customers and partners. Jeff Hayzlett, Chief Marketing Officer and Vice President of Eastman Kodak Company, believes that social media is exciting because it offers the opportunity for companies to engage in two-way conversations with customers. He also states that social media has created new ways to initiate conversations, respond to feedback and maintain an active dialogue with customers. Kodak has seen very tangible returns from participation in Twitter, including media coverage, sales leads, increased consideration, and direct product purchase.

Today, there are many questions surrounding which units of measurements are best to determine the value of the company’s social media marketing efforts. According to Aberdeen Group (2008), companies that engage in social media marketing activities tend to use a variety of non-financial performance metrics to track and measure progress. The most commonly used metric includes increased brand awareness, which according to Aberdeen Group can be determined by looking at customer engagement, which is tracked by click through rates, opt ins, content downloads, registration, and various other calls to action.

In addition, traditional metrics such as customer acquisition, retention, and profitability are also used by many companies to measure their success. Also, some companies use return on investment (ROI) as a way to track profitability and success. "ROI is a critical metric in terms of cost-justification and the challenge with social media monitoring and marketing is that the returns don’t always manifest themselves in a timely or linear fashion, making it difficult to draw a casual relationship between activities and results (Aberdeen Group, 2008)."

Companies can also measure success in social media marketing by using several kinds of metric tools such as number of active posts, number of fans, number of tweets, and different lively contests. A steady growth in the size of the audience can indicate strategies and tactics are effective and working. Click-through rate is another example of a metric companies can use to track success in social media marketing. It is important that companies continue to track each metric available and adjust the strategies and tactics for target markets in order to reach maximum efficiency and effectiveness.

Companies in Brazil have not started using social media at the rate of their United States counterparts. However, social media sites are still used by the majority of the population. Euromonitor (2009) surmises marketing and media campaigns will likely evolve using differentiated social media outlets in order to capture explosive university student growth and the increasing number of Brazilian internet users. The Ministry of Education approximates 7 million Brazilian students enrolled in higher education institutions in 2006, an increase of 54% compared to 2001. New universities rose by 45% over the same period. In contrast, there were approximately 19.4 million students enrolled at United States colleges and universities during the 2007-2008 academic year, up from 15.9 million in 2004-05.

Heiberger and Harper (2008) and the Higher Education Research Institute (HERI, 2007) found a positive correlation between social networking website use and college student engagement. High users of social networking websites participated in and spent more time in campus organizations than low users and reported daily interaction (in the real world) with close friends and felt strong connections to them.

The technology acceptance model (Davis, 1989) suggests perceived information technology ease of use and usefulness facilitates its integration into business. Since then the model has been extended to the marketing discipline to explain demographic and psychographic differences and variances in Internet use (Porter and Donthu, 2006). We progress one step further and use this model as a backdrop for understanding students’ preferences and usage frequency of various social media sites and how such knowledge contributes to enhance marketing strategies. Since students represent one of the most homogenous groups in the world and there is a trend towards standardization of marketing strategies (Erdem, Swait, Valenzuela, 2006) we seek to understand the similarities and differences between two culturally distinct groups and the possible implications on companies’ marketing strategies.

METHOD

The data was collected at the college of business at a large Midwestern US university and a state university in Brazil with demographic similarity. Questionnaires were distributed across different departments with a total of 433 usable surveys received; 61% (264) U.S. students and 39% (169) from Brazilian students. Backward and forward translation of the Portuguese questionnaire insured similarity to the English version. A total of 28 questions were developed. The main goal of the survey
was to determine which social media sites were more prevalent among college students. Thus, questions regarding preference and frequency of use were included. Eleven social media sites were included in the survey based on past and recent growth. For example, according to Compete (2009), the social media sites Facebook, Myspace, Twitter and Orkut are listed in the Top 25 Social Media Networks Rank developed in 2009, with Facebook being the social media site visited the most worldwide.

RESULTS

Demographic and Psychographic Significant differences were found between the two groups in terms of credit card ownership, domestic and international travel and purchases of electronics. The average age of U.S. and Brazilian students is approximately 22 and 21 respectively with credit card ownership at 84.2% and 71%. Both groups attend movies three times a year and travel domestically about two times over the course of a year. Fifty-six percent of Brazilian students have never traveled abroad in comparison to 30% of U.S. students. In addition, 90% of U.S. student and 73% of Brazilian students own an iPod or MP3 player, indicating interest in high-ticket electronics and “new” forms of technology.

Internet Usage and Purchase Behavior In regard to online purchase behavior, 62% of U.S. students have shopped online in the past month in contrast with 31% of Brazilian student indicating U.S. students are significantly more likely to purchase products over the internet. In addition, 53% of U.S. students use eBay and 56% use Amazon for product purchases. Interestingly, 53.3% of the respondents use online retail sites such as Macy’s, Nordstrom, Gap and Best Buy for product purchases. Brazilian students are less likely to use internet sites to purchase products versus US student and when they do 30% occur over the Mercado Livre website, which is similar to eBay and 44% purchase products at online retail stores such as Wal-Mart, Americanas and Saraiva.

Internet purchase frequency among six items (music, clothes, shoes, electronics, airplane tickets and books), revealed significant differences between the two groups. U.S. college student purchases included electronics, 55% and airline tickets, 46.7%. Shoes were least purchased by the students in the U.S. In comparison, Brazilian students rarely or never purchased over the internet.

Preference for Social Media Sites The most frequent sites (four to six times per week) used by U.S. college students was Facebook, 74.7% in contrast with 80.5% of Brazilian students visiting Orkut. College students in both groups use YouTube on a frequent basis. However, Brazilian students use it more often. Brazilian students also frequent MNS but not so for US students. Other social media sites included in the survey (Twitter, Blogs, Skype, Flicker, Linkedin, MySpace and Second Life) have lower frequency of usage among both groups.

Research findings suggest 55% of U.S. college students use social media sites to look up information about others and to share information about themselves (26.2%) as compared with Brazilian respondents reporting at 58% and 21% respectively. Finally, the main reasons why students use social media sites are to find interesting information and to keep in touch with friends.

Fifty seven percent of U.S. students admitted being fans of companies that have Facebook page and engage in daily (16%) or once a week (25%) reads. Also, 42% of the respondents mentioned news feeds as one tool which catches their attention most on Facebook. In contrast, contests with incentives to win, coupons and paid ads catch their attention the least (8%, 8% and 5%). U.S. students report never looking at information that does not pertain to personal photos, wall posts, updates and feeds. Over 30% of the respondents are likely to consider a new product or endorse a company when recommended from a friend on Facebook. In addition, 11.4% of the respondents pay attention to companies and products endorsed by friends and only 10.9% report using Facebook to learn about new products.

As stated earlier, the majority of students do not use Facebook in Brazil, as only 22% mention ever using the site. After conducting a crosstab comparing the frequency of use of Facebook and if they are fan of companies on Facebook, it can be concluded that of the 22% of the respondents that use Facebook, the majority of them are not currently fans of companies on the site. When analyzing similar questions relating to Orkut, 59% of the respondents admitted they are fan of companies on the site. Moreover, 33% of the respondents read companies’ updates at least once a week and 11% of the respondents read updates daily. Twitter is also not used by the majority of the students and only 15% of the respondents follow companies on Twitter in Brazil.

YouTube results reveal 33% of the respondents watch advertisements once a week and 45% of the respondents watch advertisements at least two to 3 three times a week. College students in Brazil watch more advertising on YouTube than college students in the United States. Finally, most of the college students from Brazil do not have their own blog and the majority of the respondents rarely or never visit other blogs as well.
CONCLUSIONS AND RECOMMENDATIONS

The main limitation of this research was the use of a convenience sample. However, the sample size was large and affords this research to contribute to the literature by contrasting similarities and difference between U.S. and Brazilian students and providing recommendations to academics and practitioners. College students’ social media preference and usage continue to change. Understanding these changes is a step towards more enhanced target marketing as effectively researching markets through targeted appeals requires informed decisions on media selection.

U.S. students tend to purchase more products online than Brazilian students. Thus, companies may have more of an opportunity to use social media to target U.S. college students than those in Brazil as US students are more comfortable shopping and purchasing online. For example, when finding a preferred product on a social media site such as Facebook, U.S. student more promptly link to the company’s website and make online purchases. The majority of the students have a positive feeling toward social media sites, but more so for those in Brazil (85%) versus the U.S. (71%). Such strong feelings suggest opportunities for companies to target and promote to this market aggressively.

Facebook and YouTube appear to be the best social media sites for targeting U.S. students and Orkut as participants report social media is used to look up and find information about others, to keep in touch with friends, to find interesting information, and to follow companies. However, the majority do not read product updates. It can be concluded that while the students follow certain companies, but do not stay up to date and remain engaged with these companies. U.S. students are more likely to engage in contests, couponing, reviewing ads and to consider new products or endorse a company based on recommendations from a friend. Thus companies may retain and acquire new customers by including links such as “Follow us on Facebook” and utilize email newsletters, brochures, coupons, creating contests and offering company information. We further recommend companies encourage fans to spread the word about their company on social media sites in order to increase search engine optimization. Finally, social media can be also used to provide enhanced customer service. For example, negative messaging about companies is a reality and social media is one medium would be helpful in responding to those messages.

Companies must incorporate tactics that will engage the target audience and ensure efforts do not appear as if they are directly advertising and “intruding” into the target’s personal space. Content should be unique and compelling. It may be advantageous to create a Facebook page with information that would “create a buzz” and cause students to want to spread the word because they find the information relevant, interesting, or different. Social cause marketing can be used as tool to promote brands and is an effective means of spreading the word. Results should be measures and metrics used such as number of fans in order to determine if the strategies and tactics are effective.

Since Brazilian students have positive feelings towards social media and spend considerable time on the Internet is recommended that companies develop marketing plans which integrate strategies that effectively reach them, solicit attention of product and use tailored programs developed by their US counterparts. As stated earlier, the social media sites most used by college students in Brazil include Orkut and YouTube.

We hope these research results provide enhanced insights into the preference, frequency and use of social media sites by US and Brazilian students and ignite companies to enhance marketing strategies towards both. It is hoped that this research might engage future investigations which capture additional countries as a cross check.

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CONSUMER SELF-AWARENESS IN A SOCIAL MEDIA BRAND ENVIRONMENT

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ABSTRACT

This paper addresses this gap in the literature by extending the concepts of self-awareness theory to the realm of social media brand experiences. Traditional brand experiences are an insufficient basis for designing digital brand experiences. One significant difference between social media brand experiences and traditional brand experiences is the extremely public nature of social media consumption. This study provides an analysis of how consumers experience brands in a digital context. The findings of this preliminary study provide an important first step in designing an effective brand experience for consumers. We use the self awareness theory to postulate empirically testable hypotheses that may lead to future studies that further contribute to extant knowledge. Our findings are of interest to academicians and marketing managers.

INTRODUCTION

To keep pace with the changing global marketplace and consumer landscape, brand custodians have devised innovative marketing strategies, utilizing technology, to appeal to consumers on a higher plane. The aim of these marketing strategies is to connect with the consumer while heightening consumers’ experience with the brand interaction, thus satisfying the inherent need for consumers to feel valuable and unique. Virtual brands are utilizing advanced technology to impress the consumers with innovative products and services. Savvy marketers are harnessing interactive media and messaging technology to assist consumers to acquire skills in a bid to create a loyal consumer base, a positive brand image and using the opportunity as a first ‘sales anchor’. They realize that the new frontier in e-commerce is harnessing the strengths of one-on-one brand experience, popularized by the trendy social networking websites. However, not much attention has been devoted to the theoretical underpinnings of a social media brand’s interaction with the individual consumer.

Brand managers have begun to integrate social media strategies into their overall marketing communications plan. Before doing so, it may be useful to understand the nature of a digital brand experience. Marketers must understand that this powerful new touch point brings a new set of challenges. Traditional brand experiences such as watching a television commercial, handling a product in a store, or talking to a salesperson cannot be the basis for designing digital brand experiences. This study provides an analysis of how consumers experience brands in a digital context. The findings of this preliminary study provide an important first step in designing an effective experience for consumers. One significant difference between social media brand experiences and a traditional brand experience is the extremely public nature of social media. It is currently unknown how consumer psychographics impact brand experiences with social media brands. A unique way to achieve the goal of an effective brand experience may be to align a brand’s digital marketing strategies to the consumers’ notion of self.

In this paper we expand on this strategy by exploring how an individual’s private and public self-awareness impacts their digital brand experience. We offer the theoretical foundations of the constructs we propose to measure, proceed to obtain initial empirical data from the virtual world of social media, discuss findings that have implications for marketing managers and marketing scholars. Our findings will enable marketing strategists to design digital brand and consumer interactions that lead to improved satisfaction for the consumer and customer life time value for the firm.

LITERATURE REVIEW

Brand experience is an innovative marketing construct set forth by Brakus, Schmitt, and Zarantonello (2009). Little has been published in the area of brand experience, however, the impact brand experience promises to have on marketing strategies warrants further investigation. Brand experience is defined by the original authors as being a consumer’s sensory, affective, behavioral, or intellectual response.
to brand-related stimuli. Affective brand experiences elicit emotional responses from consumers. According to an empirical study conducted by Brakus et al. Disney, Hallmark, and Prada were shown to have the strongest affective dimensions. Sensory brand experiences involve a brand stimulus making a strong impact on the consumer’s senses (feel, smell, taste, etc.). Brands like Ferrari, Toys R Us, and Ben & Jerry’s were found to be strongest in this dimension. Intellectual brand experiences occur when a brand challenges the consumer to engage in a lot of thinking when dealing with the brand. LEGO, Sudoku, and American Express were found to create the strongest intellectual experiences in the particular study. Lastly, behavioral brand experiences occur with brands that invite the consumer to engage in physical actions. Brands strong in the behavioral dimension included Puma, Gatorade, and Adidas. The proposed theory states that the average reported level of agreement of each component can be averaged to determine an overall brand experience.

Zarantonello and Schmitt’s analysis was successful in establishing a difference between brand experiences sought by consumers. However, we contend that a superior method of classifying experience-seeking consumers can be found using consumer personality traits rather than grouping consumers by common experiences. The proposed clusters don’t reflect the possibility that consumers may have a predisposition towards certain types of experiences (sensory, affective, behavioral, intellectual). We rely on self-awareness theory from social psychology to aid us in bridging this gap.

Self-Awareness has been the subject of academic investigations for decades with significant advances made in every decade since it was introduced in the clinical psychology literature in early seventies (see Wicklund, Ickes, Ferris 1973; Diener 1979; McDonald 1980; Scheier and Carver 1983; Higgins 1987; Duval, Duval, Mullis 1992; Trapnell and Campbell 1999; Silvia 2001; Goukens, DeWitte, and Warlop 2009). The initial publication by Shelley Duval and Robert Wicklund in 1972, proposes that objective self-awareness results from directing one’s attention towards oneself. In their path breaking work, the authors conceptualized that an individual can only focus their conscious attention either externally (towards their environment) or internally (towards themselves) but not both simultaneously. Self-Awareness was said to catalyze an immediate comparison between the self and a set of standards. Duval and Wicklund originally defined standards as “a mental representation of correct behavior, attitudes, and traits (Duval and Wicklund, 1972, p. 3). Being objectively self-aware requires an individual to look inward and compare themselves to a set of standards. A gap between the self and the individual’s standards was said to induce negative feelings and motivate the individual to close such gaps so that a person’s actions were congruent with what they perceived to be correct behavior (Higgins 1987; Duval, Duval, and Mullis 1992).

Later work (Fenigstein, Scheier, and Buss 1975; Buss 1980; Carver and Scheier 1981; Froming, Walker, and Lopyan 1982) in self-awareness establishes two distinct types of self-awareness: public and private. Private self-awareness occurs when an individual focuses attention inward and uses their own personal standards for evaluation of choices and behaviors. Engaging in private self-awareness before making a decision involves consulting with your own feelings, values, and conceptions. For example, consider a purchase situation for a piece of clothing. Public self-awareness involves an individual’s perception of how they are viewed by others. People high in public self-awareness are likely to consult external and societal norms and standards as a basis for engaging in behaviors (Froming, Walker, and Lopyan 1982). If you were to engage in public self-awareness you would likely consider how the garment will make you look to others when making a purchase decision.

Regardless of whether an individual is more prone to public self-awareness or private self-awareness, it is useful to marketers to know whether a consumer is acting based on internal standards or externally imposed standards. They act as a lens through which a consumer perceives the choices that lay ahead. Our study will add to the marketer’s knowledge by investigating how these “lenses” of the consumer decision process impact brand experiences.

Conventionally, marketers have applied simple techniques like addressing consumers by their name to make them feel more valuable. More recently, in the digital age, marketers have devised novel ways of enhancing consumers’ self-awareness towards their selves and the environment, thanks to the rapid advancements in internet and mobile technologies. For example, some websites, in addition to asking for the user’s name, give the user a host of options before entering the site. The options combine to create a personalized virtual experience that incorporates the user’s preferences and personality.

Essentially marketers use 4 broad strategies to assist the consumer’s self-awareness and environment:

- Create a community of brand loyal consumers
- Help consumers to acquire relevant skills
- Encourage the emergence of a “flaunt tribe”
- Motivate consumers to become “brand mavens.”

Aforementioned strategies seem piecemeal and ad hoc, conceptual and empirical bases for formulation and implementation of such strategies are conspicuous in
their absence. As marketers grapple with new technology, innovative brand experiences, and heightened consumer expectations in the digital realm, marketing literature should address and suggest conceptually sound strategies based on empirical evidence. We proceed to fill this gap in the literature by proposing the following hypotheses.

**HYPOTHESES**

Before analyzing the impact self-awareness may have on a social media brand experience, it is first necessary to understand the nature of social media brand experiences. Using the 4-dimension framework created by Brakus et al. we posit that the brand experience created by social media sites will exhibit the following characteristics:

H1. Brand experiences in social media consumption will be influenced by all dimensions of self awareness

Being online such brands are unlikely to elicit much action. The intellectual component will also be weaker as the brands are normally used for entertainment and social connection and generally not for stimulating intellectual activity. The Sensory component is likely to be strong due to the many images and sounds that a user encounters. We hypothesize the Affective dimension of brand experience to be the strongest due to the emotional nature of social interactions. There are often relationships formed and sometimes broken as a result of this medium, so it stands to reason that such a dimension would prove to be strongest.

H2. Brand experiences in social media consumption will be highly influenced by affective dimensions of self awareness

H3. Brand experiences in social media consumption will be least influenced by behavioral dimensions of self awareness

H4. Both, private and public self-awareness will have a significant impact on social media brand experiences.

With much previous research pointing to self-awareness as a consumer mechanism for directing attention internally or externally, we posit that self-awareness must logically impact the experience consumers engage in with brands.

**METHODOLOGY**

For this preliminary study a sample of 50 individuals was asked to respond to existing scales in marketing and psychology. The questionnaire included the original Self Consciousness Scale published in 1975 (Fenigstein, Scheier, and Buss 1975). The recently developed 4-factor Brand Experience scale (Brakus et al. 2009) was included and respondents were asked to think about their favorite social media site when responding. Upon approval from the institutional review board, the questionnaire was administered via an online survey service and approved by the IRB.

**RESULTS**

In determining the strength of each brand experience dimension for the social media brand experience, descriptive statistics were used. Using a 7 point Likert scale, with 7 indicating a very strong experience and 1 indicating a very weak experience, we were able to find the relative strength of each dimension within the social media context.

Table 1.  
<table>
<thead>
<tr>
<th>Relative Strength of Brand Experience Dimensions</th>
<th>Mean</th>
<th>St. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimension</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sensory</td>
<td>4.67</td>
<td>1.1</td>
</tr>
<tr>
<td>Affective</td>
<td>3.99</td>
<td>1.0</td>
</tr>
<tr>
<td>Intellectual</td>
<td>3.73</td>
<td>1.1</td>
</tr>
<tr>
<td>Behavioral</td>
<td>3.36</td>
<td>1.3</td>
</tr>
</tbody>
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As expected, the Intellectual and Behavioral dimensions are weakest in a Social Media brand experience. The Sensory dimension of brand experience is shown to be the strongest followed by the Affective dimension. This is counter to our original hypotheses. Social Media sites seem to elicit impactful sensory responses above every other dimension.

Regression analysis was utilized to determine whether or not self-awareness had a statistically significant impact on the brand experience construct. With public self-awareness as the independent variable and brand experience as the dependent variable, we found the relationship to be highly significant with a p-value of .034. Next, following similar procedures we substituted private self-awareness for public and found the p-value to be .108 (just outside the acceptable range of p < .10). We expected public self-awareness to exhibit more of an impact than private in this situation given the very public nature of social media sites. It is reasonable to assume that the more publicly self-aware a consumer is the more they will be willing to share on social media sites and the more intense their brand experience will be as a result.

**MANAGERIAL IMPLICATIONS AND FUTURE RESEARCH AGENDA**

This study serves as a critical first step towards understanding how consumers experience social media
brands. Traditional brands, that are looking to engage consumers through this medium, should be keenly aware that the social media experience has the largest impact on a consumer’s senses. Advertisements, information pages, or any other means of social media interaction should be designed with this in mind. Marketers can also benefit through considering the consumers psychological motivations for using the social media sites. As we have shown, public self-awareness plays a significant role in a consumers experience using social media. To further this area of research, it will be necessary to collect data from larger samples. It will also be interesting to explore not just how consumers experience social media currently but also how they would prefer to experience it. Results from this may uncover latent demand for a new type of social media experience.

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TRAVELING TO HAWAII?
A STUDY OF THE IMPACT OF SOCIAL MEDIA AND WEBSITE DESIGN ON DESTINATION MARKETING

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ABSTRACT

The emergence of the Internet and web-based information technologies has radically transformed the tourism and travel industry. A rapid growth of Internet users and the increasing popularity of online commercial transactions are moving destination marketing organizations (DMOs) to the adoption of the World Wide Web (WWW) as their primary promotional and communication channel (Law, Shanshan & Buhalis 2009). Today, most national, regional, and local DMOs develop their own websites to promote their destinations and communicate with their potential customers worldwide (Kim & Fesenmaier 2008). As a component of online destination communications, social media play an important role as information sources about a destination.

The purpose of this research is to identify how destination websites communicate information to online users and to investigate the impact of social media on such communication process. Our study was undertaken to examine the information found in the DMO online marketing campaigns. Social media and website design were explored as sources of up and coming technology. The information was analyzed on how information content is dissimilar for the top 100 places of destination within the United States. A content analysis focusing on social media analytical tools and website design communications were compared across defined categories.

Based on the analysis results, a set of guidelines is proposed to DMOs’ managers as recommendations to develop effective destination websites. Considerable similarities were found among websites in some of the factors evaluated. For example, destination websites are focusing more on graphic-based than text-based contents to communicate with users. Animated images showing the most salient attractions of the destination appear to be the standard. According to the social media findings, facebook.com, twitter.com and flickr.com were the most frequently referenced links. Also, the results found 90% of the social media text came from outside sources, not the company setting up the website. The paper concludes with a discussion of implications of the study in other areas.

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ABSTRACT

Advergaming, placing advertisements in video and web games, is being incorporated into marketing strategies. A substantial percentage of gamers are women, yet they have received scant attention. This paper discusses how women gamers have reached a critical mass and why they are a valuable target for a variety of products.

INTRODUCTION

Video and web games continue to grow in popularity taking potential customers away from the exposure of television advertising (Doran 2008, Prince n.d, Wise 2008). Marketers are responding by cultivating innovative techniques for placing their commercial messages before potential consumers (Goodman 2007). As more individuals are finding their entertainment in internet and video console games, advertisements are being embedded in the games that are being played, a technique that is termed advergaming. Women are a fast growing segment of video game players and although they enjoy gaming for some of the same reasons that men do, they also have additional motivations. The placing of advertisements targeting women in video games can be useful in promoting both gender-based and gender-neutral products. This paper examines the data collected on women who are gamers and why marketers need to focus research on this gaming segment in order to make the most of their advergaming investments.

REACHING CONSUMERS AS THE MEDIA EVOLVES

Marketers are continuously seeking the best way to reach consumers with the organization’s promotional message. During the years of radio and early television, it was relatively easy to reach consumers. Potential shoppers could be counted on to be listening to Captain Midnight and My Friend Irma on the radio in the 1940s and 1950s. In the 1950s when television appeared on the scene, audiences were then clustered in front of the television watching Gunsmoke and I Love Lucy, thus making it easy for marketers to get their message out to large numbers of consumers. All that has changed because Americans are no longer willing to be part of a melting pot where everyone is the same and they all favor viewing television that reflects that sameness. Today, individuals prefer to see themselves as gleaming pieces of the American mosaic that has many faces (Branigin 1998). Consistent with their desire to maintain cultural and subcultural identities, many Americans prefer to view programs that highlight their individuality and uniqueness making it unlikely that there will be a repeat of universally appealing programs like Gunsmoke for marketers to use as a conduit to their consumers.

Television advertising has also been impacted by the plethora of stations now available via cable and satellite television. The array of stations readily available allows viewers to avoid commercial messages. It is an easy matter to channel surf among hundreds of stations when a commercial interrupts program viewing. TiVo and digital video recorders allow viewers to bypass commercials altogether (Wilbur 2008, Prince 2010) and there is programming that is available on-demand that is commercial free. As if that were not complicating advertising issues enough, consumers are reducing their television viewing time altogether as they spend more time on the internet playing games, checking email, viewing webisobes, and interacting with social networks such as Facebook, Twitter, Linkedin, etc. (Good 2006). Patrick Quinn, president and CEO of PQ Media, states that lifestyle trends have created elusive consumers that have caused brand marketers to invest in “alternative marketing tactics” (Doran 2008).

ENTER ADVERGAMING

Advergaming has become an increasingly important mechanism for getting products before the consumers (Shields 2006). The technique of
advergaming merges commercial ads into video console and web games. There are variations of how advergaming is applied; it can be that the marketer buys space in a game such as when Burger King put its King mascot into “Fight Night,” an EA Sports’ boxing game. Another approach is when the marketer constructs an online game and makes it available to players. Lipton went that route when it created a video game called “Beat the 3 p.m. Slump” where the gamer races through a cubicle maze in an attempt to drink Cup-a-Soups before he is consumed by the afternoon slump.

Other games have an educational component. Sonic restaurant joined with the Association of Zoos and Aquariums to create Zootots Whotots, a game that has players asking and answering questions that enable them to guess which animal is being described. Whatever the advergame strategy used, the approach has provided a way for marketers to put a promotional message before the potential customer for an extended period of time while the individual is playing an internet or video console game.

Advertisements placed within games provide some definite advantages over television advertising. A gamer is engaged with the gaming process and is not likely to get up and go to the kitchen for a snack, change the station, or begin conversing with others in the room when a commercial appears on the screen as a television viewer is apt to do. Online games also allow the marketer to better track how many times an ad is viewed and the length of time that the ad is before the viewer. Plus, if the ad is built into the game, it may run free for the life of the game. (Sennott, 2005). Goodman (2006) reports for the Yankee Group consulting agency that the multiplicity of benefits of advertising in video games should lead to in-game advertising reaching $732 million in 2010. The Yankee Group data is shown below.

### In-Game Advertising Revenue (in Millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
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<tbody>
<tr>
<td>2004</td>
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<tr>
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<td>608.0</td>
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<tr>
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### WOMEN AS GAMERS

When advergaming is being considered as a promotional tool, it is commonly believed that the gamer that will be exposed to the message will be a male ranging in age between a preteen and a young adult. That stereotype is no longer holding firm. Consider the following research that has been conducted by trade associations, game developers, internet service providers, and gaming platforms:

- Entertainment Software Association maintains statistics on video and computer games and they state that forty percent of all gamers in America are women with women over the age of 18 making up one third of the gamers (Belsha, 2010).
- The Ipsos MediaCT survey found that more women over the age of 18 are gamers than boys 17 years of age and younger (Wylie 2008).
- PopCap Games’ research found the average social gamer (the term used for gamers who play on social networking sites) in the United States and the United Kingdom was a 43-year old woman. When that number is broken down, the average age in the US and UK is 48 years and 38 years of age respectively. Women outnumber men as social gamers 55 percent to 45 percent in the U.S. and 58 percent to 42 percent in the UK (New Survey 2010).
- A study conducted by AOL found that on a weekly basis, American women 40 years of age and older spend 50 percent more time playing games than men their age group and teenagers (Cloutier 2004).
- The Yankee Group states that 50 percent of the average casual internet gamers are females 36 years of age (Good 2006).
- Nintendo asserts that half of DS users are female (Musgrove 2008).
- Yahoo!, MSN, and Pogo.com have found that 60 to 70 percent of their game players are women (Shields 2006)
- Game sites Candystand and GameSport have a player profiles with women making up 41 percent of the players (Gaming Gets 2002).
- It appears that however researchers choose to segment the universe of gamers or whatever gaming platform is being studied, research finds that women compose a large, if not the largest, group.

Here are additional finding that have been uncovered about female gamers. According to New Survey (2010), Cloutier (2004), and Shields (2006), women:

- Prefer playing social games with friends and family.
- Enjoy social and puzzle-oriented games.
- Favor casual games to console games.
• Develop relationships with their fellow gamers both online and off.
• Are brand loyal to online game groups.
• Enjoy earning and spending virtual currency in games.
• Game on the Web, computers, mobile devices, game consoles, and in-flight systems.
• Use gaming as a stress reliever.

Rather than just seeing gaming as a pastime that is done to replace social interactivity or a hobby that channels aggressive competition, women often use gaming to bring the family together with an activity that everyone can enjoy. Some find it especially beneficial for the family that is struggling financially in a down economy. Gaming makes for a family night or date night that is less expensive than many activities that would take them outside the home (Belsha, 2010).

Gaming has the appeal of letting women feel free to be themselves without the being evaluated by others based upon their physical appearance or socioeconomic status. The game world is the great societal leveler (Cloutier 2004). Playing social and puzzle-oriented games is also seen by women as a means of taking a short time out and relieving stress before returning to their jobs or familial responsibilities (Belsha, 2010; Shields 2006). While such games require thoughtfulness and strategy, they can be done in relatively small chunks of time and the player does not have to be concerned with losing their place or forfeiting a position when the game is interrupted with other issues.

Women are becoming noticeably competitive at gaming (Muskgrove 2008). They are as likely to play “World of Warcraft” and “Texas Hold ‘em Poker” as they are “Farmville” and “The Sims.” One example is a woman who states that she “started to play games because she was surrounded by men who played. Her husband, and her 13- and 10- year old sons all play Xbox. It was like ‘If you can’t beat’em, join ‘em. So I joined ‘em and beat’em.'” (Belsha 2010). It is easier for women to admit to being avid gamers as society places more value on those who are technologically savvy.

MARKETERS TARGETING WOMEN

With women doing more gaming, they should be actively targeted with advertisements placed within the games rather than considering their exposure to the promotional items to be just an accidental byproduct of advergaming. Women are an attractive market segment. Kraft foods and Nabisco’s Oreo have invested in launching campaigns in games (Shields 2006) and JC Penney and Weight Watchers have even gone so far as to attract players to their shopping portals through hyperlinks in games (Cloutier 2004).

Women are a desirable target market not only because they purchase items designed for females but they also purchase or influence the purchase of items that are gender neutral. For example, Road & Travel (2010) states that “women purchase 65 percent of all new cars and 53 percent of used cars, and they influence 95 percent of all auto purchase.” Women also serve as gatekeepers for their families. In many instances, they control the flow of information to their spouses, children, and other household residents. Wives and mothers often make the family aware of what new products and services are available, where they are obtainable, hours of operation of retailers, and sales that may be occurring.

Targeting women is also smart because the family households headed by women totaled 14,404,000 in 2008 and the nonfamily households headed by women amounted to 21,038,000 in the same year (Census, Statistical Abstract, 2010). Under those circumstances, women often set priorities on what home projects are to be undertaken and when. Furthermore, women are purchasing tools and making the repairs themselves. Television commercials for home improvement stores have been directed at that target market and it makes sense to implement the same targeting with advergaming.

The book, Safe, Not Sorry: Keeping Yourself and Your Family Safe in a Violent Age, (Metaksa, 1998) has played to the fact that women do purchase guns and companies have designed weapons to address women’s physiological needs. Smith &Wesson has developed the LadySmith, which is a Magnum .357 redesigned for the small woman’s hand (Hawkins, 2010). All of this points to the fact that a demand exists among women for many of the products that might have previously been considered primarily of interest to men.

Marketers who are able to progress beyond the stereotypical views of women as consumers will see that advergaming is not only expanding frontiers for promotions but also that the women playing those games represent incredible marketing opportunities. Because women socialize in their gaming as much as they compete, marketers can use advergaming with female market segments to:

1. Build a social network of users
2. Build brand awareness
3. Educate the consumer
4. Strengthen brand loyalty
5. Target specific consumers by a variety of demographics
6. Age
7. Income
8. Marital and family status
9. Educational level
10. Geography
11. Lifestyle
12. Collect market research data

What is necessary is the research to demonstrate to marketers what products are best presented in advergaming, what games provide the optimum format, who is the target market that will be reached, how the target market will respond to advergaming, and how all of these factors can be coordinated to be the most effective. Such research is especially necessary because women have been found to have high levels of expectations for the advertising directed toward them and they demonstrate a strong negative response to shoddy marking efforts and clutter (Cloutier 2004).

CONCLUSION

Unlike early advertisers, today’s marketers find it difficult to attract and hold the attention of consumers when there is so much clutter and noise in the advertising arena and technology such as TiVo, digital video recorders, and on-demand programming makes it possible to avoid commercial messages altogether. Furthermore, the internet and video games are consuming many of the hours that individuals would have previously devoted to television viewing. Just as technology has created challenges for advertisers, it has also created the opportunity to place advertisements in video console and computer games and to change them in real time because of internet connections.

The stereotype of the gamer is the pre-teen to young adult male. However, research reveals the gamer is every bit as likely to be a female. It should be recognized that women are potential consumers for gender-neutral items such as automobiles as well as male gender-based products like tools. What is needed to help advergaming achieve its full marketing potential is research to understand what games appeal to what segments of society, what technology platforms are best suited for different marketing and gaming environments, and what promotional techniques can be adapted and created for advergaming.

The authors of this paper plan to conduct empirical research to explore these issues. The results will allow marketers to develop marketing strategies that not only benefit the organizations but also provide useful information to women consumers. Because advergames are available on virtually any digital platform ranging from television to personal computers to mobile phones, full advantage can be taken of integrated communication channels to the advantage of the marketers. Women can benefit from the research by developing awareness of how they are being targeted and as a result they will be able to make informed decision about their consumption behaviors.

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THE IMPACT OF ONLINE USER REVIEWS ON CAMERAS SALES

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ABSTRACT

The purpose of this research is to better understand the impact of online user reviews on technology product sales. This research is based on digital camera sales data collected from amazon.com. The authors find that similar to findings of studies based on experience goods, the average online customer review and the number of online reviews, along with the camera’s physical properties such as pixels and optimal zoom (but not LCD size) have a positive influence on sales. This study contributes to the marketing literature by revealing the influence of online consumer-generated reviews on the sales of search products (digital cameras in this research). Our results suggest that online user reviews have an important impact on camera sales. Findings of this research are consistent with prior studies on experience goods (books, movie). Sale managers for search goods should, therefore, seriously consider encouraging online reviews, especially those posted on a third-party website, about their product. Future research, such as the refinement of the evaluation model, is needed to improve the generalization of research findings in this area.

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ABSTRACT

One of the important aspects of online shopping is the availability of electronic decision aids (EDAs). The use of these increasingly pervasive shopping tools may affect key relationships underlying consumers’ search and processing with respect to product related information. The primary objective of this research is to investigate the effects of electronic decision aids on consumers’ use of product information (intrinsic and extrinsic cues) in product evaluation.

A theoretical background is presented based on the information search, decision aids, product cue utilization, and consumer decision making literature. An experiment using a 2 x 2 x 2 x 2 mixed factorial design with intrinsic cues (low, high), and extrinsic cues (low, high) as within-subjects factors, and electronic decision aids (present, absent), and knowledge (low, high) as a between-subject factor was conducted to test the hypothesized relationships. Through pilot studies, air purifiers and multimedia projectors were determined as suitable product categories for this research. The dependent measure, perceived quality, was collected by using a multi-item 7-point bi-polar scale (e.g., very low-very high). Data from five-hundred-four subjects were used in the analysis.

Results indicated that the difference in consumers’ product quality judgments between products with high extrinsic cues and low extrinsic cues was greater when electronic decision aids were present as opposed to when these decision aids were absent. Results also showed that when electronic decision aids are used in the shopping environment, the difference in consumers’ quality judgments between products with high extrinsic cues (e.g., Toshiba) and low intrinsic cues (e.g., Vivitek) became greater.

Overall, this research demonstrates that EDAs that enable attribute-based sorting and comparison of products can significantly influence the effects extrinsic and intrinsic cues have on consumers’ purchase decisions (e.g., quality judgments).
AN ANALYSIS OF LEADERSHIP, EMPOWERMENT AND ETHICS IN A PERSONAL SELLING CONTEXT

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ABSTRACT

Significant research has focused on the ethical dilemmas facing salespeople. However, few studies have made an attempt to understand the factors that lead to ethical salesperson intentions. The present study examines sales manager leadership behavior and employee empowerment as important antecedents of ethical salesperson attitudes and behaviors.

INTRODUCTION

In every facet of business today, the pressure to perform at the highest possible level is ever-present. Unfortunately, this pressure can have unintended effects on the workplace behaviors and attitudes of business people. One of the common negative outcomes associated with pressure to perform at extraordinary levels is unethical behavior. Considerable research in the past 30 years has examined the topic of ethical and unethical behavior. A significant amount of this research has focused on the ethical dilemmas facing business-to-business salespeople and the conflicts these salespeople face in making decisions on how best to represent and sell their products. Although a number of studies have identified the common implications that result as a consequence of ethical or unethical behavior, including the differences seen in salesperson performance, fewer studies have made an attempt to examine and identify the factors that lead salespeople to act and behave ethically. The present study analyzes sales manager leadership behavior and employee empowerment as predictors of the ethical intentions of salespeople.

LITERATURE REVIEW

Ethics

Hunt and Vitell (1986) established the general theory of marketing ethics that is most prevalently referenced and utilized to guide research in the area of marketing ethics today. Their model identifies a number of general factors that predict or impact an individual’s ethical judgments, intentions and behaviors. Included among these factors are the environmental variables that individuals encounter on a consistent basis, and are identified as cultural, industry, and organizational environments. Of these three environmental forces, organizational variables appear to have the greatest ability to influence the ethical decision-making of salespeople. Previous research has established that salespeople often turn to their supervisors or managers when ethical dilemmas arise. As business-to-business salespeople are often outside of the office, traveling to or preparing for sales presentations, their reference point for ethical dilemmas within the organization is often their immediate sales manager. The sales manager, therefore, likely plays a very important role in the ethical development and ethical performance of sales representatives. However, only recently has the sales manager been examined as having a critical influence on the ethical decision making of salespeople (Grisaffe and Jaramillo 2007). However, no known research to date has examined the impact that sales manager attitudes and behaviors can have on the ethical intentions and behaviors of subordinate salespeople. As shown by Ingram, LaForge and Schweiker (2007), research focusing on the impact of leadership style on the ethical attitudes and actions of salespeople is critically needed.

Transactional and Transformational Leadership

Conceptually defined, transactional leadership revolves around managers clearly informing subordinates as to what their salient job activities are, how to perform these activities, and how successful completion of these activities will eventually lead to acquisition of organizational rewards. After goals and guidelines are set, sales managers practice this type of leadership by remaining uninvolved with their sales subordinates unless sales results are below target. Conversely, transformational leaders raise their subordinates’ awareness of the worth of specified work outcomes, get employees to rise above their own self-interests for the benefit of the organization, and improve the subordinates’ desire for achievement. Transformational leaders have a vision, a strong
influence on employees, and a sense of where the organization should be in the long-term. These leaders demonstrate self-determination and commitment to achieving goals, often creating atmospheres where employees become convinced that they can attain higher goals than they initially thought possible (MacKenzie, Podsakoff, and Rich 2001). In summary, transactional leaders are “hands-off” leaders, preferring to give subordinates the freedom to achieve established goals without constant intervention. Transformational leaders are “hands-on” leaders, focusing on inspiration and intellectual stimulation to overtly guide subordinates.

Employee Empowerment

Employee empowerment increases intrinsic motivation and provides stronger work motivations for all employees in the organization. In general, empowered employees have the authority needed to make local decisions that will impact both the organization and the customer. When problems arise, empowered employees have the permission and in-depth knowledge required to make immediate decisions and take prompt actions. Employee empowerment promotes the idea that managers share decision making processes and power with subordinates to enhance performance and satisfaction (Spreitzer 1995).

HYPOTHESES

Leadership Style and Empowerment

Bass (1985) established that transformational leadership allows managers to adopt a long-term perspective, focusing on future needs and employee satisfaction. Transformational leadership behaviors communicate to employees that their work is important, which gives subordinates the ability to see the meaning of their work contributions (Dubinsky et al. 1995). Shamir, House, and Arthur (1993) found that leaders utilizing specific transformational leadership characteristics show their subordinates that each individual’s effort is a critical component of the organization’s identity. The same study also found that transformational sales leaders motivate sales subordinates to make greater efforts based on personal aptitude and satisfaction, enhancing employee self-assurance. Jolson et al. (1993) suggest that transformational leadership might be a very effective means of managing sales personnel because it creates atmospheres of open communication and freedom of action. All of the aforementioned studies in this paragraph recognize or propose that transformational sales leaders improve either the subordinate’s freedom in deciding how to best complete his or her work tasks, or the subordinate’s confidence in his or her ability to do the work assigned. As competence and self-determination are important characteristics associated with perceived empowerment, this research appears to bolster the assertion that greater use of transformational leader behaviors leads to stronger perceived empowerment.

Conversely, sales managers relying on transactional leadership often work with subordinates to determine and define the goals and work tasks that subordinates are required to meet, to set forth guidelines on how best to complete their tasks, and to devise appropriate schedules for feedback. Managers following a transactional behavior style are also cognizant of their subordinates needs, and work to provide these individuals with definitive rewards once responsibilities are met (Bass 1990). Transactional leadership is aligned around goals, contractual relationships, specific guidelines, and, once goals are established, management by exception. After goals and guidelines are set, sales managers practice this type of leadership by remaining uninvolved with their sales subordinates unless sales results are below target (Jolson et al. 1993). Empirical studies have shown that transactional leadership can, in general, have a favorable influence on attitudinal and behavioral responses of employees (Bass 1990).

Research studies have compared the transformational and transactional leadership styles in sales settings and have uncovered interesting, if not generalizable, results. Comer et al. (1995) analyzed the influence of distinct leadership styles on separate genders of sales subordinates, and found that male sales force members were more responsive to leaders utilizing a transactional leadership style, while female salespeople favored charismatic and intellectually stimulating leaders, or leaders who utilized transformational leadership. Russ, McNeilly, and Comer (1996) analyzed the performance of sales managers, and found that higher performing sales managers, in terms of their ability to contribute to the achievement of organizational goals, exhibit both more transformational and transactional leadership behaviors than sales managers who are low performers. In turn, these high performing sales managers consistently have subordinate sales representatives who perceive less role stress, greater satisfaction, and stronger loyalty. Contrarily, using a different construct to assess transformational leadership as opposed to the present study, Martin and Bush (2006) found that transformational leadership did not influence empowerment. However, that study did not assess the impact of transactional leadership.

Finally, Dubinsky et al. (1995) propose that transformational sales leaders, more so than
transactional sales leaders, magnify the impressions made by sales associates in the organization. In the end, transformational sales leaders magnify the aspirations and desires of subordinate salespeople, creating in them an almost uncompromising desire to improve upon personal production in order to increase the overall performance of the organization (Comer et al. 1995). The improvement in personal motivation and desire initiated by transformational leaders allows salespeople to understand the impact they have on company revenues and profits (Bass 1997).

As transformational leaders appear to be much more aligned with the foundations of employee empowerment, the logical assumption is that transformational leadership will positively impact employee empowerment perceptions, while transactional leadership will negatively impact employee empowerment perceptions. Using the four constructs of transformational leadership established by Podsakoff et al. (1990), and the contingent reward focus of transactional leadership from the same study, the following hypotheses are presented.

**Hypothesis 1**: The greater the use of (a) high performance expectations, (b) individualized support, (c) intellectual stimulation, and (d) core transformational leadership by sales managers, the greater the empowerment perceptions of sales representatives.

**Hypothesis 2**: The greater the use of contingent rewards by sales managers, the less the empowerment perceptions of sales representatives.

**Empowerment and Ethical Intentions**

During conceptualization of the construct of empowerment, researchers recognized that motivational empowerment, designed to improve the intrinsic motivation and self-efficacy of employees, allowed employees to focus on becoming more oriented toward organizational goals and relationship building (Conger and Kanungo 1988). This indicates that employees perceiving empowerment in the workplace will be more likely to focus on satisfying both customer and organizational goals simultaneously.

The most widely accepted theoretical discussion of psychological empowerment, completed by Thomas and Vellthouse (1990), proposes that increasing employee perceptions of empowerment leads to improvements in employee initiative and flexibility. Empirically, Fulford and Enz (1995) found that the enabling aspect of empowerment, working as a motivational tool, led service providers to improve overall service delivery, increase their concern for others (including their concern for customers), and expand their sense of loyalty to the organization. Martin and Bush (2006) found that empowered employees are more likely to be customer-oriented salespeople, focusing on long-term, mutually beneficial relationships between themselves and their customers. Finally, Bush et al. (2007) found that the influence of technology actually created ethical problems in salespeople, at times leading to salesperson concerns about control and exploitation. This would seem to indicate that salespeople feeling more controlled by the organization are likely to be less ethical. Together, these outcomes appear to indicate that empowered employees, even those in a sales context, try to perform in a way that is best for the customer and the organization. Hence:

**Hypothesis 3**: The greater the sales representative’s empowerment perceptions, the greater the sales representative’s ethical intentions.

**METHODOLOGY**

**Measurement Scales**

Five measurement scales were utilized. Transformational leadership was assessed using the scale developed by Podsakoff et al. (1990). Twelve items measured core transformational behaviors, three items measured high performance expectations, four items measured individualized support, and four items measured intellectual stimulation. Transactional leadership was assessed via the measurement scale developed by Podsakoff et al. (1984) and refined in Podsakoff et al. (1990). This scale contained five items. Employee empowerment was assessed using the twelve-item scale developed by Spreitzer (1995). Ethical intentions were assessed using ethical scenarios from Dubinsky et al. (1992). Only four of the ethical scenarios from the previous study were used. The four used were those where 40% or more of the respondents considered the scenario an ethical challenge. The remaining eight were not analyzed in the present study due to concerns that those scenarios might not be perceived as ethical challenges or problems. Each of the measurement scales in the present study was assessed on a 7-point, strongly disagree to strongly agree continuum.

**Data Gathering**

Sales representatives from two separate divisions of an industry-leading, national organization were
given the questionnaire containing the aforementioned scales and asked to complete it. Each questionnaire was accompanied by a self-addressed, stamped envelope for return. A total of seventy-two questionnaires were delivered to salespeople. Fifty-eight questionnaires were returned, but two were not complete. Therefore, fifty-six completed questionnaires were used in the final statistical analysis.

RESULTS

Initially, all three hypotheses in the present study were examined using correlations to determine the relationships between the constructs under study. Each of the proposed relationships in the study is supported both in terms of significance and direction. Hypothesis 1 is supported as all four constructs representing transformational leadership, core transformational behaviors (.774), high performance expectations (.845), individualized support (.741) and intellectual stimulation (.796) are all positively and significantly (p < .01) correlated with salesperson empowerment perceptions. Support is also shown for hypothesis 2 as the transactional leadership component of contingent reward is negatively (-.364) and significantly (p < .01) correlated with a salesperson’s empowerment perceptions. Additionally, hypothesis 3 is supported as a salesperson’s empowerment perceptions are positively (.599) and significantly (p < .01) correlated with his or her ethical intentions.

Additional support for the hypotheses shows that ethical intentions is not correlated at the p < .01 level with any of the transformational or transactional leadership constructs. This indicates that neither leadership form possesses a direct relationship with ethical intentions, and only significantly impacts ethical intentions through empowerment perceptions.

Finally, to further analyze the strength of the relationships between the two leadership styles and salespeople empowerment perceptions, a stepwise regression analysis was run. Table 1 reports the stepwise regression results. The regression model is significant (adjusted $r^2 = .77$, $F = 62.33$). Individually, the transformational leadership constructs of high performance expectations and intellectual stimulation, and the transactional leadership construct of contingent reward, were all seen as significant predictors of the empowerment perceptions of salespeople (all $p < .01$). The transformational leadership constructs of core transformational behaviors and individualized support were not shown to be predictors of empowerment perceptions.

<table>
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(* = Constructs excluded in final model)

DISCUSSION AND MANAGERIAL IMPLICATIONS

Results from the present study should benefit sales managers and leaders of business-to-business sales organizations. Understanding the appropriate leader behaviors that will ideally guide sales subordinates to behave ethically is likely to improve both long-term organizational performance and the overall image of the organization. The results of the present study strongly indicate that sales managers who utilize different forms of transformational leadership positively impact a salesperson’s perceptions of empowerment. Additionally, the results from both the correlation analysis and the regression test indicate that relying on contingent rewards limits the empowerment perceptions of sales representatives. Research has shown that empowered salespeople are likely to be more productive salespeople, especially in establishing relationships with customers. Organizations would ideally benefit from identifying and hiring sales managers that are both focused on stimulating salespeople intellectually, and establishing high performance expectations, not merely focusing on overall sales figures.

Additionally, analyzing the utilization of employee empowerment in this relationship will help sales managers understand the need for freedom and autonomy in the sales workforce. The positive relationship established in the present study between salesperson empowerment perceptions and salesperson ethical intentions is critical as well. Anecdotally, many organizations are often fearful of giving employees too-much decision-making freedom. However, the present study suggests that not only should salespeople possess this type of freedom, but that organizations showing faith in salespeople by giving them the ability to make decisions and showing salespeople that their contributions are valued will be rewarded with sales-
people who behave ethically. This is a significant departure from common accepted practices in sales that suggest that salespeople will show ethical tendencies only when it positively impacts their paycheck, or they are forced to do so through monitoring.

LIMITATIONS AND CONCLUSION

The present study should be expanded into a variety of sales settings and contexts. One of the limitations of the present study is the reliance on self-reported measures from 56 salespeople from one organization. Expanding the sample into other sales organizations, especially organizations that employ salespeople selling products in different industries, will help establish the reliability of the results of the present study. Until then, organizations focused on having ethical salespeople should make significant efforts to hire sales managers focused on establishing empowered salespeople through the use of transformational leadership.

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THE INFLUENCE OF WINNING ON MID-MAJOR COLLEGE FOOTBALL ATTENDANCE

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ABSTRACT

The relationship between higher winning percentages and higher attendance in sports has long been a given. The naked eye can clearly see that the New York Yankees draw more than the Pittsburgh Pirates, the Los Angeles Lakers draw more than the Los Angeles Clippers, and the University of Alabama football program draws more than the University of Alabama at Birmingham football program. A complex analysis is not necessary to realize that this higher attendance is due in large part to the winning tradition of the teams with the greater attendance. What is not as clear is the specific impact that higher winning percentages have on attendance. If we are able to quantify this impact then we would be able to extract this impact on the front end of marketing evaluations and have a much clearer picture of the effectiveness of an organization’s marketing efforts.

In this paper we will examine the impact that winning percentage has on college football at the mid-major level. The mid-major level is chosen because most of these programs rarely play before capacity crowds. Examining a 5% increase in attendance of a Conference USA team will tell us more than a 0.2% increase in a SEC school’s attendance. Such an increase would also mean significantly more to the bottom line of the Conference USA team’s budget than the SEC team’s budget. Even a 5% fluctuation in attendance at the SEC level would mean little to a SEC team’s bottom line given that revenues at these schools are also driven significantly by television contracts and bowl payouts.

The first study showed a weak correlation between improvement or decline in winning percentage and attendance the following season. This is probably due to only a small fraction of ticket sales at this level being season tickets. The bigger conferences that have a much larger season ticket as part of overall tickets sold percentage would probably show a much greater correlation in this study. The second study that examined the effect of winning percentage on attendance during the same season showed a much stronger correlation (R-square of .189). This indicates that a significant percentage of the fan base of CUSA and SBC teams decide to attend games on a game by game basis based upon how the team is performing during that season.

From a marketing perspective, we now have a better understanding of the impact winning percentage fluctuation has on season attendance. With this knowledge, marketing evaluators are able to extract the significant portion of the fluctuation of attendance attributed to on-field performance, which is out of the control of marketing managers. Since attendance is directly related to revenue, it also illustrates the difficulty in accurately projecting revenue in budget forecasts. Considering that accurately projecting win-loss records is an art-form that nobody has shown any evidence of mastering, these programs are going into each fiscal year with a tremendous amount of revenue uncertainty. This evidence also strongly indicates that discretionary resources should be invested in strengthening the on-field product given the impact illustrated in this study on attendance. This can be done by increasing recruiting budgets, allocating more resources towards attracting top-tier coaching talent, or investing in new facility upgrades.
SPORTING EVENTS & SHAREHOLDER WEALTH:
ARE THE OLYMPIC GAMES A TRADABLE EVENT
FOR TELEVISION ADVERTISERS?

Rama Yelkur, University of Wisconsin – Eau Claire
Chuck Tomkovick, University of Wisconsin – Eau Claire
Allison Williams, University of Wisconsin – Eau Claire

ABSTRACT

This paper focuses on investigating whether there are financial gains linked to high levels of advertising spending in major television events such as the Olympics. Advertisers in the Olympics have received considerable attention in recent years; one company exclusively measured advertising awareness, recognition, branding, relevance and persuasiveness for both the 2008 Summer Olympics in Beijing and the 2010 Winter Olympics in Vancouver. The purpose of our study is to test whether Olympic advertisers experience stock price gains during the event and if this phenomenon is only unique to the period of the Olympics games. The study includes the Summer 2008 Beijing games and the Winter 2010 Vancouver games. We identified advertisers that participated in these two Olympics through Google searches as well as with the assistance of NBC, the television network with the rights to the games. We used free online databases to identify the parent companies and stock prices of these companies. In total 88 firms that advertised on during the 2008 and 2009 Olympics broadcasts were included in this study.

We measured the success of Olympics advertising by evaluating stock price performance of firms that advertise in the Olympics. We proposed that Olympics Stocks will outperform the market as predicted by the Standard and Poor’s 500 Index in the four-week period surrounding the games. In order to verify that this is not always the case and to corroborate that Olympics stocks don’t always outperform the market, especially prior to the games, we tested for a four week period 13 weeks prior to the games in 2008 and 2010.

Results indicated that Olympics stocks outperformed the market by a little over 1% in the four week period surrounding the games for the two games studied at a 0.036 significance level. No significant difference was found (p=0.156) between the performance of the Olympics stocks and the market in the four-week period 13 weeks prior to each of the games (2008 and 2010), although the average predicted prices were slightly higher than that of the actual Olympic stock prices by $0.58.

Thus the results confirm that Olympic advertisers experienced a stock price gain during the games but not in the control period prior to the games. This is preliminary evidence with data from two Olympics, that advertising during the Olympics could increase shareholder equity, that is, if one purchased Olympics stocks Monday prior to the games and sold them Friday after the games, they would gain over 1 percent in just four weeks. This translates into billions of dollars annually. The study also confirms that the stock price gains for television advertisers during the time period of the Olympics holds true for both the summer and winter games.

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A PRIMER FOR ECONOMIC DEVELOPMENT DIRECTORS AND OTHER SOCIAL ENTREPRENEURS: USING ‘CASH’ AS A MANAGEMENT PRACTICE

Oscar McKnight, Ashland University
Ronald Paugh, Ashland University
Aaron McKnight, University of Chicago
Melinda Belden, Ashland University

ABSTRACT

City and community officials are responsible for developing and sustaining economic growth. This research focuses on Best Practices Cities — those with current and predicted economic growth above the national average — and the specific management practices that are responsible for such growth. The CASH model is presented to assist city planners and other social entrepreneurs in their economic development initiatives.

INTRODUCTION

Entrepreneurs are an eclectic and diverse segment of the population (Harper, 2005). As a result, several streams of research have emerged to explain and characterize what distinguishes them from the rest of us. Entrepreneurs are known to be persistent, confident, adaptable, and passionate and courageous in pursuing their vision (Gillespie-Brown, 2008). Research by Dyer, Gregersen, and Christensen (2009) discusses the five discovery skills of associating, questioning, observing, experimenting, and networking that distinguish the most creative corporate executives like Apple’s Steve Jobs and P&G’s A.G. Lafley. Success tends to breed imitators or competitors, forcing corporate executives to consider the adoption of new business improvement methodologies like Total Quality Management [TQM] and Lean and Six-Sigma (Thawesaengskulthai and Tannock, 2008). This kind of research is typically affiliated with some type of corporate entity. But what if one were to conceptualize a city or region as an entrepreneurial agent with a creative and innovative culture?

SOCIAL ENTREPRENEURSHIP: KEY ISSUES FOR ECONOMIC DEVELOPMENT INITIATIVES

Catford (1997) has described the social entrepreneur as a person that is capable of coordinating and empowering a wide range of disparate individuals and organizations in order to direct scarce resources towards activities with the highest potential gain. De Leeuw (1999) describes social entrepreneurs as operating in community environments that are dynamic and to some extent unpredictable, and who will be vital in planning and executing community-based initiatives.

Economic development officers and other city officials can adapt this conceptual framework to their own entrepreneurial and strategic development initiatives. Indeed, a plethora of regional economic development strategists and management consultants have proffered their research findings to facilitate such efforts over the past several years. Hence, it is appropriate to view city planning and economic development directors as business entrepreneurs promoting social change.

Denhardt (1995) and Blair (1998) reviewed economic development efforts for cities and concluded that these efforts are complex undertakings and in need of extensive strategic planning and managerial considerations prior to any implementation. Malecki (1997) theorizes that the environment for entrepreneurship in a region or locale is a critical part of the entrepreneurial process itself, and has sparked numerous debates and theories about the factors that influence the creation and attraction of new business enterprise in a metropolitan region.

Nohria, Joyce, and Roberson (2003) outline the management practices that are imperative for sustained superior financial performance and offered their 4+2 formula for business success. Specifically, the companies that outperformed their industry peers excelled in the four primary management practices: strategy, structure, culture, and execution. And they supplemented their great skill in those areas with a
mastery of any two of four secondary management practices: talent, leadership, innovation, and mergers and partnerships. Edwards and Haines (2007) also elaborate on a broad array of strategic plans and policies to use land more efficiently and to promote smart growth principles. Lorentzen and Hansen (2009) demonstrate how urban systems and urban structures change in the experience economy, prompting urban developers to be increasingly entrepreneurial and stakeholder based. And Kwon, Berry, and Feilock (2009) develop a framework from strategic management, institutional analysis, and policy innovation research and offer policy recommendations that local government officials can use in economic revitalization efforts.

More than fifty years ago, Drucker (1958) noted that marketing is the most effective engine of economic development. In order to be optimally effective, the marketing professional must be aware of the major players and their competitive offerings. Florida (2003) focuses on agglomeration and cluster theories, social capital perspectives, and human capital theories and their impact on regional economic growth. Later research by Florida (2008) examines globalization and how it has created opportunities for higher-level economic activities such as innovation, design, finance, and media to cluster in an ever smaller number of specific, often specialized locations. And often times these specialized locations are marketed to entrepreneurs, site selectors, and relocation professionals. As a result, numerous positioning and communication strategies have been initiated by economic development planning commissions, not unlike the consumer based brand building efforts of brand and category managers (Aaker and Joachimsthaler, 2000; Keller, 2001; Mahajan and Wind, 2002).

This brief overview of previous research on social entrepreneurship as applied by economic development directors highlighted key issues of business and social concern. For example, regional variations in support infrastructure and social milieu play an important role in attracting, developing, and sustaining entrepreneurs and business owners. Moreover, strategic frameworks for superior business performance and systematic and comprehensive brand management and positioning strategies have been formulated. Unfortunately, as Malecki (1997) and Roberts and Stimson (1998) lamented over twelve years ago, there is a paucity of economic analysis or practical research at the regional or local level that offers any blueprint or formula for entrepreneurial economic development officials to follow.

**RESEARCH PURPOSE AND ATTENDANT RESEARCH QUESTIONS**

Gary Hamel asserts in his book, Leading the Revolution (2000), that top management’s mandate is to put into operation design rules that enhance the creative culture of an innovative organization. Although directed at corporate executives, social entrepreneurs may consider adapting this mandate and creating a contextual framework that coordinates disparate community officials and their resources to plan specific economic development efforts.

The primary purpose of this research is to provide community officials with an actionable contextual framework that will facilitate and enhance their economic development efforts. Specifically, four research questions are addressed: (1) Are there differences in strategy between cities that achieve current and predicted employment rates greater than the national average?; (2) Are there differences in structure between cities that achieve current and predicted employment rates greater than the national average?; (3) Are there differences in positioning strategy (culture) between cities that achieve current and predicted employment rates greater than the national average?; and (4) Are there differences in operational execution between cities that achieve current and predicted employment rates greater than the national average?

**METHODOLOGICAL AND STATISTICAL CONSIDERATIONS**

The data in this research are derived from two hundred forty three [n=243] proprietary entrepreneurial research reports, site selector feasibility studies, strategic marketing plans developed by specific cities’ economic development offices, and relocation professionals’ monographs. Reports were collected over a two year period from volunteer cities who agreed to share their proprietary research, provided no individual city would be identified and results would be shared. These reports were not standardized in any manner; therefore, information contained within was unique to each city. The reports spanned an eleven year period of time, but the reports used for this research were filed within the last five years. Moreover, the reports chosen for analysis met the following three criteria: (1) the attraction of business enterprise to the city was a clearly articulated objective; (2) a long-term strategic plan for the city’s economic development initiatives was included; and (3) specific roles and action plans for carrying out the city’s long-term strategy were clearly delineated. A total of thirty-eight cities in fourteen states met all three criteria, and were therefore deemed appropriate for analysis.
Cities that met the study specifications were divided into two discrete groups. The first group, deemed **Best Practices Cities**, were those that achieved current and predicted economic growth rates above the national average. The second group, deemed **Non-Best Practices Cities**, were those that achieved current and predicted economic growth rates below the national average. Economic growth was operationally defined as each city’s employment rate, as determined by the U.S. Census Bureau (2007).

Through a case study approach, all information and data were assessed and categorized according to Nohria, Joyce, and Roberson (2003) management practices as employed by each city. The findings were assigned a numerical value of one [1] or zero [0]. Since the cities and respective findings were grouped into discrete categories, the Sign Test was employed to the operationally defined data, categorized as: Strategy; Structure; Culture; and Execution. The case study approach permitted an empirical assessment and assignment of relevant concepts. Hence, the Sign Test is particularly useful for this type of research in which quantitative measurement is impossible or infeasible (Siegel, 1956). The alpha was established at the conventional .05 level. The mean population for the thirty-eight cities included in this analysis was 25,000 persons.

**RESEARCH FINDINGS**

Four research questions were addressed in this study following a conceptual format offered by Nohria, Joyce, and Roberson (2003). The questions were:

1. Are there differences in strategy between cities that achieve current and predicted employment rates greater than the national average?
2. Are there differences in structure between cities that achieve current and predicted employment rates greater than the national average?
3. Are there differences in positioning strategy [culture] between cities that achieve current and predicted employment rates greater than the national average?
4. Are there differences in operational execution between cities that achieve current and predicted employment rates greater than the national average?

Significant findings were found in each management area operationally designated as: Strategy; Structure; Culture; and Execution with respect to city type. A comparison of **Best Practices Cities vs. Non-Best Practices Cities** can be found in Table 1.

<table>
<thead>
<tr>
<th></th>
<th>BEST PRACTICES CITIES</th>
<th>NON-BEST PRACTICES CITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy</strong></td>
<td>Perform comprehensive self-audits (Deductive Examination)</td>
<td>Gut feelings of problems; issues (Intuitive Guess)</td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>Multiple responsible stakeholders; clear roles; broad scope</td>
<td>Singular or no responsible stakeholder; flexible roles; narrow scope</td>
</tr>
<tr>
<td><strong>Culture</strong></td>
<td>Comprehensive national benchmarking</td>
<td>Targeted, local benchmarking</td>
</tr>
<tr>
<td><strong>Execution</strong></td>
<td>Constant contact with stakeholders</td>
<td>Isolated/sporadic contact with stakeholders</td>
</tr>
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</table>

**DISCUSSION AND IMPLICATIONS**

The first research question is, “Are there differences in strategy between cities that achieve current and predicted employment rates greater than the national average?” This research indicates distinct differences in how strategic plans are developed. First, it must be pointed out that only nine of thirty-eight cities were classified as **Best Practices Cities**. The probability of achieving this result is .0017 [two-tailed; Sign Test]. Nine out of nine **Best Practices Cities** initiated the strategic plan with a detailed and comprehensive self-audit [p=0.0039; two-tailed; Sign Test]. The self-audit exhibited three primary characteristics: (1) four distinct economic development areas were examined [retail; commercial; residential; industrial]; (2) quantitative analyses from Census information and other pertinent statistical data [internally derived 25 – 50 questions], as well as qualitative methodologies from focus group research were included for planning purposes; and (3) a wide variety of stakeholders’ perspectives were included [director of economic development; growth boards, both private and corporate; public opinion polls]. The **Non-Best Practices Cities** tended to isolate and focus on problem areas with little or no external objective data to verify problem identification and recommendations for addressing key challenges.

These findings suggest that the key to achieving excellence in the management practice of strategy is to develop strategy from the outside in, based on what your stakeholders have to say. Be realistic and honest with respect to the city’s capabilities by exploring in detail, specific areas for economic development.

The second research question is, “Are there differences in structure between cities that achieve current and predicted employment rates greater than
the national average?” This research indicates profound differences in the overall approach to reducing bureaucracy and clarifying roles and responsibilities of resource personnel. Specifically, eight of nine Best Practices Cities [p=0.0391; two-tailed; Sign Test] created three distinct teams of professionals dedicated to community economic development and social entrepreneurship initiatives. These three officers include: (1) Director of Economic Development, responsible for facilitating and expediting the day-to-day activities; (2) Director of Growth Board, staffed with community appointees and volunteers, who serve in an advisory role and are responsible for assessing relevant community issues with short-, intermediate-, and long-term ramifications; and (3) Economic Development Corporation Officer, who is responsible for developing and maintaining ongoing cooperative relationships with the local Chamber of Commerce and other business associations. The Non-Best Practices Cities tended to have no operative structure in place with clearly delineated roles and responsibilities.

These findings suggest that the key to achieving excellence in the management practice of structure is to simplify processes and promote cooperation and the exchange of information among all relevant stakeholders. Too often, economic development policy makers focus on which combination of tax breaks, abatements, and land grants to offer in their appeals to business enterprise when a focus on a structure that simplifies work and promotes cooperative exchanges among carefully selected and nurtured stakeholders may be more beneficial.

The third research question is, “Are there differences in positioning strategy [culture] between cities that achieve current and predicted employment rates greater than the national average?” Again, nine out of nine Best Practices Cities conducted an external benchmarking process [p=0.0039; two-tailed; Sign Test]. This process consisted of four discrete stages: (1) identification of cities comparable in five to nine demographic areas [population size; age; education levels; ethnicity; voting patterns, etc.] but superior in relative economic development measures, as determined by U.S. Census data and other sources; (2) arranging fact-finding visitations and personal consultations with community leaders in the benchmark city; (3) communicating the benchmark findings to all pertinent stakeholders; and (4) developing the marketing plan, brand development and positioning strategy [culture] based on internal deliberations and discussions with community leaders in the benchmark city.

These findings suggest that the key to developing an effective positioning strategy [culture] is the adoption of an external benchmarking process that consists of the discovery of significant insights that are converted into specific implementation actions with periodic and ongoing measurement and assessment of goals and objectives. This benchmarking process is essential to the creation of any differential advantage the economic development team plans to pursue.

The fourth research question is, “Are there differences in operational execution between cities that achieve current and predicted employment rates greater than the national average?” Again, nine out of nine Best Practices Cities maintain a constant presence and close interaction with relevant constituencies and stakeholders. Two distinct approaches are typical: (1) visitation programs characterized by regularly scheduled events with local business leaders to discuss issues and concerns, and operatives who attend local, regional, and national conferences and trade shows; and (2) a physical presence characterized by specific resource facilities that include a library, outreach programs, and educational programming.

These findings suggest that the key to achieving excellence in the management practice of operational execution is consistent communication and dialogue with stakeholders. Community officials in the economic development office are constantly reacting to changing market conditions and fine-tuning their actions based on information and insights gleaned from business officials, trade shows, and conferences.

Taken in their entirety, these research findings suggest that economic development directors as social entrepreneurs must master a distinct set of management practices that enable and empower a diverse collection of individuals and organizations. Therefore, in order to synthesize the research questions and findings, the ‘CASH’ model, presented in Table 2, is offered as a suggested framework to help plan and execute economic development initiatives.

LIMITATIONS AND FUTURE RESEARCH

This study exhibits all the inherent limitations and weaknesses associated with historical and qualitative data. Specifically, the use of dated material [up to five years old] and non-standardized reports is a particular weakness. Also, given the case study approach, limited sample size must also be noted, therefore caution must be exercised in generalizing results. The use of the Sign Test, although feasible for this study, does not possess the statistical power that the majority of researchers desire.

Future research may include a different operational definition of economic growth rate. This research used
employment rate, which may limit other measures that incorporate a quality of life component.

Table 2. The ‘CASH’ Model: A Primer For Economic Development Directors and Other Social Entrepreneurs

- Conduct a detailed and comprehensive community self-audit; canvass a wide variety of perspectives, using an array of data collection techniques that include qualitative [focus groups] and quantitative [Likert-type surveys] methodologies.
- Assess comparable cities in size and other attributes that are superior in relative economic development measures; conduct a thorough benchmarking process.
- Structure your economic development officers [and offices] in a way that simplifies and reduces bureaucracy and clarifies roles or responsibilities.
- Harvest goodwill from local and non-local business leaders; outreach and educational programs are relatively inexpensive ways to generate positive “buzz”.

REFERENCES


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SMALL BUSINESS MARKETING STRATEGY

Julia Cronin-Gilmore, Bellevue University

ABSTRACT

In the United States, over 86% of small businesses have fewer than 20 employees, although the total number of people employed is approximately one-fourth of the entire workforce. The purpose of this qualitative case study was to understand the actions a small business owner takes when pursuing marketing strategy.

TOPIC OVERVIEW/INTRODUCTION

According to the Small Business Administration (SBA) definition, there are approximately 23 million small businesses in the United States (Bovee, Thill, & Mescon, 2007). On average, 60% of employers have fewer than five employees and 80% of all companies have sales which are less than $1 million (Bovee et al, 2007). Over 86% of businesses have no more than 20 employees, although the total number of people employed is approximately one-fourth of the entire United States workforce (Griffin & Ebert, 2006).

In 2006, there were 649,700 new businesses and 564,900 existing businesses that closed (SBA, 2008a). Nearly 50% of all small businesses close within the first 5 years (SBA, 2008b). Two common reasons noted by Dunn and Bradstreet for contributing to a failed business is inadequate marketing or poorly focused and executed marketing (MasterCard, 2008). Lack of marketing knowledge can be considered part of education and training (Simpson, Tuck, & Bellamy; Freeman, 2000).

Small businesses are considered the cornerstone of the United States economy (Bovee et al, 2007). Small businesses drive the economy and sustain the technological lead in the global marketplace resulting in one-third of all new patents issued. Over 60% of all new jobs are created yearly as the result of small business entrepreneurs creating opportunities for their business (Cardin, 2007). Small businesses represent 99.7% of all employer firms and 45%, or approximately half of all private sector employees and work for small businesses (Kobe, 2007).

In addition to creating jobs, small businesses create new ideas and processes through innovation which adds vigor to the marketplace and are important to large businesses since most of the products made by big businesses are sold by small businesses (Griffin & Ebert, 2006). Small business firms produce 13 times more patents per employee compared to large patenting firms (Kobe, 2007). The small business economy generates about half of the private sector output plus serves niche markets that are often not filled by large businesses (Bovee et al, 2007). Small businesses fulfill an important role in the economy by providing jobs; small businesses that desire to grow into midsize or large businesses create between two-thirds to three quarters of new jobs (Bovee et al, 2007).

Through small businesses, new products are introduced, which is a freedom of innovation characteristic of many small businesses that yield countless advances in technologies, marketable goods, and services (Bovee et al, 2007). Another service provided by small business proprietors is supplying the needs of larger organizations by acting as distributors, suppliers, and servicing agents to large corporations; government agencies often reserve a certain percentage of their purchasing contracts for small businesses (Bovee et al, 2007). As a result of small businesses, a considerable amount of money enters into the United States economy; plus, small businesses are taking risks that larger businesses often avoid by being willing to try new and unproven ideas (Bovee et al, 2007). The products or services small businesses provide are often specialized, which fill market niches not being served by existing companies (Bovee et al, 2007).

How small businesses pursue marketing strategy is an increasingly complex subject, and one that should be studied using a case analysis method (Roberts, 2004). A case analysis exploratory method was used to (a) diagnose the current marketing situation for small entrepreneurs, (b) screen possible alternatives for incorporating the marketing plan and pursuing marketing strategies, and (c) discover how organizations can reach small business owners and provide needed services including training to better equip the business for success (Roberts, 2004).

STATEMENT OF THE PROBLEM

The general problem in small business marketing is that business owners have product or service knowledge of what is being offered to customers but are not experts in the field of marketing and therefore struggle with implementing strategic planning, a marketing plan, and other elements necessary for success (Day, 2000; Kotler, 2004). The 10 most critical marketing
mistakes a small business can make include the following: not sufficiently market-focused and customer-driven, they do not understand target customers or monitor competitors, mismanage relationships with stakeholders, they have difficulty discovering new opportunities, are deficient in marketing planning; product and service policies need tightening, weak brand-building and communications efforts, do not make maximum use of technology, and they are not well organized to carry out marketing (Kotler, 2004). More specifically, small businesses struggle due to lack of marketing knowledge that is aimed at understanding specific marketing problems (Freeman, 2000; Kotler, 2004). Small business owners struggle, because when they seek help, they do not understand if the knowledge they have sought is worthwhile to the success of their business.

PURPOSE OF THE STUDY

The purpose of this qualitative case study was to explore how small business owners pursue marketing, understand why decisions are made, how decisions relate to marketing strategy, and what influences affect their small business. Business owners have product or service knowledge of what is being offered to customers but are not experts in the field of marketing and therefore struggle with implementing strategic planning, a marketing plan, and other elements necessary for success (Hisrich, 2008; Simpson et al, 2004). The researcher explored the problem of why small business owners struggle with marketing and the focus was on small business marketing strategy. The general population consisted of small business owners in the United States. The researcher selected a group of 20 participants, who reside in the United States, and conducted taped in-depth interviews. The efforts of small business marketing strategy was generally defined as pursuing efforts to create, communicate, and deliver value to consumers.

RESEARCH QUESTIONS

The researcher explored the process that small businesses pursue in creating marketing strategy:

Q1: How does the small business pursue marketing?

Q2: What types of resource advantages and disadvantages exist for a small business owner?

Q3: What makes the small business owner competitive?

Q4: How important are business partnerships and alliances to the small business owner?

Q5: How does a small business formulate market segment strategy?

DESCRIPTION OF RESEARCH DESIGN

The method of research consisted of exploratory research in a case study method obtaining information from a purposeful sample of 20 small business owners, all adults over the age of 18, in the United States. The participants were selected by the researcher to explore marketing strategy efforts in small businesses. In-depth interviews were conducted, gaining knowledge about how small business owners pursue marketing, why decisions are made, how it relates to marketing strategy, and what influences affect their small business. The viability of conducting a case study can be affirmed through a qualitative exploratory study designed to ask participants how and why questions which provides for more in-depth analysis (Yin, 2005). Case studies are designed for when the researcher has very little control over events or the focus is on a contemporary phenomenon (Yin, 2005). The failure rate of new businesses in the US is a contemporary phenomenon. In 2006, there were 649,700 new businesses and 564,900 existing businesses that closed (SBA, 2008a). Nearly 50% of all small businesses close within the first five years (SBA, 2008b).

HIGHLIGHTS AND LIMITATIONS OF METHODOLOGY

The case study research method was the optimal design for the study. The methodology chosen was not driven by a preconceived theoretical construct and research hypothesis; it was an intention to explicate a given phenomenon. In a quantitative study, the researcher is interested in the relationships between independent and dependent variables; this case study was designed to discover the perceptions of small business owners when pursuing marketing strategy. The inquiry focused on common themes within similar human perceptions, versus perceptions which might be presumed as universally shared (vanManen, 2002). The reduction, rather than a cause-and-effect relationship analysis, revealing themes that have specific perceptions, and these themes will lead to an analysis which is more than theoretical or conceptual abstraction (Yin, 2005).

LITERATURE REVIEW

The literature review included researching small business marketing in scholarly journal articles where the data was dependent on a variety of collection methods including: primary data in various forms, secondary data from published books and journal articles, conference papers, and expert experience among others. Dissertation studies were also explored as a means
of research. The majority of dissertation case study research did not fall within the five year time period and, therefore, was excluded. Research from Yin (2005) was explored and the questions of how and why small businesses pursue marketing strategy were researched (Yin, 2005). The research was divided into the sub-topics of networking, firm resources and sustained competitive advantage, resource disadvantage, competition and cooperation, growth, business partnerships and alliances, stakeholders, strategies, profitable and unprofitable strategies, survival chances, organizational competence, and knowledge resources.

FINDINGS

Themes

A total of six themes emerged from the codes recorded and are identified in Table 1, along with the codes within each theme. Selected examples of questions and codes appear in Appendix C, Transcript Coding: Questions and Selected Examples. All 39 codes were put into themes with the most individual codes being in the theme of formulating strategy which ranked at 10 various codes in the theme. The theme marketing ranked second with nine various codes being recorded in the theme. The themes of values and needs followed with eight various codes each. The strength theme was the lowest with six various codes.

In Table 1, the marketing theme represented the largest number of codes. The second highest number of codes was in the theme of strengths. Following was the themes of formulating strategy and values that both ranked equally. The lowest theme was needs. It is interesting how there is one higher percentage at 29 percent, one low percentage at 13 percent and three in the middle with one at 20 and two at 19 percent.

Table 1. Transcript Theme Analysis

<table>
<thead>
<tr>
<th>Themes Codes</th>
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<tbody>
<tr>
<td>Marketing Chamber-25, Networking-48, Customers-27, Friends-14, Opportunity-12, Partnership-13, Relationship-34, Small Business-10, and Training-6</td>
</tr>
<tr>
<td>Formulating Alliance-9, Competition-17, Strategy Ideas-5, Internet-5, Information-19, Knowledge-16, Networks-8, Organization-12, Profit-9, and Strategy-21</td>
</tr>
<tr>
<td>Strengths Customers-27, Competitive Advantage-13, Experience-30, Personable-11, Service-30, and Niche-22</td>
</tr>
<tr>
<td>Values Advantages-11, Business-48, Employees-16, Family-10, Group-11, Trust-13, and Survive-12</td>
</tr>
<tr>
<td>Needs Cash Flow-19, Education-12, Financial-12, Growth-6, Technology-16, Marketing-14, and Money-7</td>
</tr>
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</table>

The marketing theme received the largest overall total codes, which added up to 189 or 29%. Strengths were second with 133 total codes, or 20%. Formulating strategy and values were equal, with 121 codes each, or 19%. The needs theme ranked last at 88 total codes, or 13% total. Out of all themes identified, the percentages ranged from 13 to 29%, with some notable differences between the lowest and highest, but the middle section has one theme, strengths, at 20%, and two others which were formulating strategy and values at 19%.

Overall, the theme of marketing was the most important to the participants interviewed ranking at 29%. The three themes of strengths at 20%, formulating strategy at 19% and values at 19% were grouped in the middle and almost equally important to the participants. Needs was deemed the least important by the interviewees at 13%. It is noteworthy to emphasize that the participants highly valued marketing at 29%, and almost equally valued three main themes which were strengths at 20%, formulating strategy at 19%, and values at 19%. The theme of needs ranked the lowest at 13%. Table 4 outlines the codes, themes, and values.

In Table 2, the themes are listed with the various codes identified in each of the columns. The theme formulating strategy had the most codes at 10. Marketing was the second highest theme with nine overall codes. The themes of values and needs both had seven codes. The theme of strengths has the least amount of codes at six.
Table 2, Identified Codes, Themes, and Values

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<td>25</td>
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<td>6</td>
<td>9</td>
<td>21</td>
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</tbody>
</table>

189 121 133 121 88 652

29% 19% 20% 19% 13% 100%

*Key: M=Marketing; F.S. = Formulating Strategy
S= Strength; V/N= Values/Needs

FINDINGS

There were five findings in the research study. The finding of marketing answered the research questions 1 and 4. The finding of formulating strategy answered questions 3 and 5. The strengths theme answered question 2. The values finding answered question 4. The needs theme answered question 2. Of note is that question 2 was answered by the findings of strengths and needs. Question 4 was answered by the findings of marketing and values.

SUMMARY

Five themes emerged from the in-depth interviews: marketing, formulating strategy, strengths, values, and needs. The research questions along with the summarized findings follow.

Research Questions

Q1: How does the small business pursue marketing?

Q4: How important are business partnerships and alliances to the small business owner?

The theme of marketing addressed the how and why small business owners pursue marketing which was through networking and attending networking events such as chamber and other events. Business partnerships and alliances were formed through the networking events, but also through customers, friends, and other business acquaintances. The small business owners utilized a collective process that more people equal better opportunities. Although the owners were adept at networking and forming business partnerships and alliances, the owners thought their marketing abilities were lacking or non-existent. For the most part, the owners did not comprehend that networking and forming business partnerships, and alliances were a form of marketing.

Research Questions

Q3: What makes the small business owner competitive?

Q5: How does a small business formulate market segment strategy?

The formulating strategy theme addressed what makes the small business owner competitive and how the small business formulates market segment strategy. Information, that was shared among networks, along with studying and understanding competitors, were deemed as sources of competitiveness. The participants would study their competition and often make decisions based on what had been successful for another small business.

Q2: What types of resource advantages and disadvantages exist for a small business owner?

The strengths theme evolved from resource advantages and the needs theme emerged from resource disadvantages. Experience in running a business, or experience with the product or service being offered in the market, was noted as a source of strength. Other strengths included offering excellent customer service and the devoted customers that followed. The respondents noted that having a personable staff was also a resource advantage. Disadvantages were associated with the needs theme and cash flow was the largest code. Technology was noted as being a resource disadvantage as was marketing. It was an assumption among the small business owners that they did not undertake marketing and it was a disadvantage. The participants did not consider networking and forming business partnerships and alliances as marketing when, in fact, they are a form of marketing.

Q4: How important are business partnerships and alliances to the small business owner?

The values theme emerged through the business partnership and alliances question. The participants considered other businesses as a source of value and trust was paramount in the relationship. What was most interesting about this question was that although the small business owners were willing to assume a great deal of risk in starting and continuing a small business,
they were not willing to extend risk in financially associating their company with another small, medium, or large firm. The small business owners would collaborate with another firm but wanted all financial endeavors to be separate. Even when the finances were separate, if there was not trust in the partnership or alliance, the small business owner did not want to align with the other business.

**RECOMMENDATIONS**

There is only minimal research that focuses specifically on exploring marketing strategies for the small business. The literature available focuses on the specific topics of networking, firm resources, and sustained competitive advantage, resource disadvantage, competition and cooperation, growth, business partnerships and alliances, stakeholders, strategies, profitable and unprofitable strategies, survival chances, organizational competence, and knowledge resources (Bovee, Thill, & Mescon, 2007; Griffin & Ebert, 2006). A gap exists in the literature between what a small business owner should do to be successful and asking the how and why of what they actually do when approaching strategy.

**Marketing Education**

Many of the small business owners received continuing education through their area Chamber of Commerce, although many alluded to the fact that the primary reason for membership was networking. Many Chamber of Commerce meetings consist of learning sessions that are inexpensive in nature and provide an opportunity for the small business owner to gain knowledge on a particular subject. However, the knowledge that is available to the small business owner needs to be analyzed for effectiveness. The programming and content need to be assessed to see if it is meeting the goals of the community which it serves, and further research should be conducted in this area. As represented in Table 4, a total of 30 small business owners were asked during two separate training sessions at the Greater Omaha Chamber of Commerce and the Bellevue Chamber of Commerce, both in Nebraska, what marketing topics they were interested in for future training sessions which appears in Appendix E.

**Training**

The small business owners were willing to be trained and pursued training through professional organizations including the area Chamber of Commerce. During the interview process, many regarded the training as being very good to excellent, but further inquiry about who was conducting the training and the skill or knowledge level of the trainer was unknown by many of the participants. As with many organizations, the training sessions are run by volunteers who may or may not have the skills to design a training program that is truly effective for small business owners. A recommendation for organizations and Chambers is to have certified trainers or academics plan, and participate in training that is offered to small businesses.

**Competition**

An area of training for the small business owner is understanding competition and competitive analysis. The small business owners need to comprehend how to assess competitors and create a plan of action. The owners need knowledge of developing strategies beyond a six-month time frame and integrate long-term strategies as part of an overall strategic plan. The owners need knowledge of creating a marketing plan, developing realistic strategies, controlling measures, and evaluating effectiveness.

**Business Partnerships and Alliances**

Further research needs to be conducted on why small businesses are not willing to enter into an alliance where they are financially dependent upon another business. Risk is a factor in owning a small business, but yet the owners were not willing to extend risk to a relationship and be financially dependent upon another business. Trust was paramount in all relationships and an integral part of conducting business but yet it was not extended to a second party when finances were shared. Further research needs to explore why small business owners will not enter into financial partnerships and alliances with other firms.

**Strategies**

Future research should explore what knowledge sources are available to a small business owner and if during the interview process, most participants discussed formulating strategy for a time frame of six months or less. The consensus was that the results of the strategy would be evident by that time. Research needs to be conducted to find out why small business owners only plan for six months or less. Research should explore what effects short-term and long-range planning can have on the small business owner. Future research should be explored on how a small business owner creates long-term strategic planning and the affects of revenue and longevity.
Knowledge Resources

Future research should explore what knowledge sources are available to a small business owner and if the knowledge sought assists the small business owner in making sound marketing decisions for the business. Conducting research to find out where and when the owners seek out knowledge is pertinent to the study of developing strategy. Researching why the owners seek out knowledge and what types of sources are available should be explored.

Networking

Research should explore networking and how it can be the primary, and only, source of marketing for the small business owner. Research should focus on why small business owners pursue networking, what advantages exist within the network groups, what influence the network group has on members, plus when an owner joins, and abandons the group.

Women Entrepreneurs

Future research should be conducted on women entrepreneurs and owning a small business. Women represent slightly more than one-third of all entrepreneurial activity (SBAa, 2008). Between 1997 and 2002, firms that were owned by women increased by 19.8%, while all firms in the U.S. grew by seven percent (SBAa, 2008). In 2002, women owned 6.5 million businesses that generated $940.8 billion in revenues (SBAa, 2008). Women entrepreneurs employed 7.1 million workers and had payroll of $173.1 billion (SBAa, 2008). There are various challenges facing women entrepreneurs such as access to credit, capital and equity, gender discrimination and stereotyping, dual career-family pressures and lack of equal opportunities (SBAa, 2008).

Social Capital

Since small business owners engage in informal and formal networking as an integral part of marketing, social capital should be studied further. Social capital is complex and involves connections, influence, reputation, accomplishments, reciprocity, and access. Through relationships, access to ideas, resources, and the potential for future access to further resources is central to those who engage in building social capital. Bridging and bonding capital can be part of social capital and can provide opportunities to connect to various industries and the depth of closeness in connections. Relationships are considered pivotal to the small business owner, so building, leveraging, and maintaining social capital would be symbiotic in assisting small business owners and should be studied further.

REFERENCES


College students are considered heavy and sophisticated users of electronic communication tools. The purpose of this research is to look at one innovation, electronic calendaring, to understand the affect it has on the ability of college students to successfully manage deadlines for class projects.

INTRODUCTION

Advancements in electronic communication have dramatically altered how people interact as well as process, store and use information. Compared to the general population, college students are considered heavy users of such technological innovations. This expanding reliance on electronic communication among students has had a trickle-down effect on universities and professors alike. Professors have resorted to developing electronic communication policies that govern how they will interact with students over electronic channels, and how they expect students to interact with them (Watrall 2010). One might ask if or how such innovations are facilitating positive change for the betterment of the people who use them?

The purpose of this research is to look at one such innovation, electronic calendaring, to understand the affect it has on the ability of college students to manage tasks for and time spent on class projects. In this regard, we first review extant literature in this subject area and discuss methodology for data collection. Results are then be discussed along with implications of and future directions for this research.

WHAT TIME IS IT?

Realizing the central role that calendars play in the coordination and timing of business activities that must be executed in the ever-changing and complex marketplace, companies have turned to electronic calendaring systems as a scheduling and collaborative tool. Lotus Notes became one of the first such systems when it was introduced more than two decades ago. Such systems provide employees with an internal network for coordinating and managing time-critical activities using collaborative communication applications such as email, calendaring, web browsing and other feature-rich applications (Kincaid and Dupont 1985).

Time management, whether electronic or not, has been a popular topic among practitioners for some time. Orlikowsky and Yates (2002) argue that temporal issues have become more relevant in the workplace primarily due to greater intensity in global competition combined with the need for firms to improve their responsiveness to customer needs. Bases on such concerns, companies have begun to constantly analyze employee productivity and encourage time efficiency using a wide range of motivators, including training programs and pay-for-performance compensation plans. Yet, research conducted in business settings has shown weak relationships between time management behaviors and employee performance but beneficial effects in relation to job stress and satisfaction (Claessens et al. 2004; Macan 1994).

Macan et al. (1990) used college settings to conduct their seminal work for examining the usage of time management behaviors. The researchers initially constructed and tested a time management behaviors (TMB) scale designed to measure the degree to which such behaviors were employed by students attending several universities.

The measurement scale was composed of four primary aspects: 1) setting goals and priorities, 2) time management mechanics, 3) perceived control over time, and 4) preference for disorganization. The first factor, setting goals and priorities, captures one’s ability to outline what needs to be accomplished, set related goals, and then prioritize the necessary tasks that must be performed to achieve the goals. The time manage-
Paper-based calendars have had a stronghold in aiding in time management since in 19th century. Even during tough economic times, these calendars have proven to be a mainstay in homes and businesses and have been highly profitable for their marketers. Research shows that the spiral wall calendar used in homes and offices to record appointments, events, and schedules still remains the most highly sought calendar today (Stella 2010). Likewise, companies like Franklin Covey still experience vibrant sales of products such as day planners, notebooks, and other systems that encourage good time management behaviors.

This is in spite of newer alternatives for managing time made available based on advancements in electronic communications. One of the most marketable features of Hewlett-Packard’s recently introduced TouchSmart® computer is its message center software that allows families to share an electronic calendar and leave notes for one another. Software programs like Outlook Express and ACT! provide similar functionality when used in homes and businesses.

Another calendaring option is those found in Blackberrys, iPods, and other mobile devices. The main advantage here is the portability gained from not having to lug around either a paper-based planner or a computer. Adopters still have the ability to stay organized by planning and scheduling activities, storing critical information, making to-do lists, setting reminders for upcoming deadlines and appointments, and staying in touch with others around the clock.

Karanek (2010) further suggests a combination of electronic calendaring and paper-based systems could be another feasible time management option. One might initially use the former for planning and subsequently print materials for insertion into the latter.

The intent of this research is to explore the usage of time management behaviors of college students relative to their calendaring system of choice.

TIME MANAGEMENT OF ASSIGNMENTS IN A PROFESSIONAL SELLING COURSE

College graduates entering today’s business world are expected to enter the workforce armed with the necessary skills to provide a positive impact on their employers. Time-management training at one point in time was an essential part of many company training programs. However, economic pressures have caused many firms to forgo related on-the-job training with an expectation that new hires will be well-disciplined in this area.

Sales professionals, specifically, encounter a myriad of time-consuming activities on a daily basis (Manning, Reece and Ahearne 2010). Time management skills are routinely assessed by companies and employment agencies during the hiring process for sales personnel. Yet, examples of college courses that emphasize and track the usage of time management behaviors are hard to find. The following section includes a description of the assignments used in a professional selling course to examine such behaviors.

The Professional Sales Role-Play Assignments

Many sales instructors use role-play exercises that require the active participation of students and emphasize learning by doing (Manning, Reece and Ahearne 2010). As such, three overlapping role-play exercises were assigned to students enrolled in different sections of a 16 week sales course. Instructions for completing each assignment were discussed with students in class sessions and students were encouraged to use a calendaring system to assist them with keeping up with tasks and deadlines. In addition, students were given a link to use if they wanted to download hard copies of calendaring and note pages to aid them in tracking their progress to meet course requirements.

All assigned tasks were given a completion deadline. Each time a student was unsuccessful at meeting the scheduled deadline for a task they received a deduction to their final grade on the related assignment. The intent here was to provide a motivator for students to perform tasks in a timely manner.

Data Collection and Results

In Spring 2009, eighty-two Professional Sales students participated in the project described in the previous section. A profile of the participants is provided in Table 1.

The instructor documented how each student had chosen to track the tasks and deadlines associated with the three assignments. The first column of Table 2 reveals that about 25% of the students decided to use their cell phone as their calendaring system for class projects. A combination of both electronic and paper-based calendars (17%) was the next most popular option, while the utilization of the downloadable paper-based calendar (16%) closely followed.
Table 1. Demographic Characteristics

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Category</th>
<th>%</th>
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<tbody>
<tr>
<td>Age</td>
<td>18-22</td>
<td>28%</td>
</tr>
<tr>
<td></td>
<td>23-27</td>
<td>59%</td>
</tr>
<tr>
<td></td>
<td>28-31</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td>32 or older</td>
<td>4%</td>
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<tr>
<td>Employment Status</td>
<td>Do not work</td>
<td>17%</td>
</tr>
<tr>
<td></td>
<td>Work part-time</td>
<td>56%</td>
</tr>
<tr>
<td></td>
<td>Work full-time</td>
<td>26%</td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>41%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>59%</td>
</tr>
<tr>
<td>Major</td>
<td>Marketing</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Entrepreneurship</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>Other Business</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>Non-business</td>
<td>37%</td>
</tr>
</tbody>
</table>

On the other hand, six students decided to forgo use of any type of calendaring system and felt they could manage the tasks by making notations on the course syllabus and/or other documents brought to class meetings. Table 2 also shows that the individuals in this group on average missed the most tasks deadlines (14.5 of 26). When delving into the reason why this was so it appeared that these students failed to allocate enough time to properly perform tasks like conducting research, writing letter and scripts, and preparing presentation materials. These students seemed to require the most assistance from the instructor in where to find information and how to complete assignments. In talking to the students it appeared that the lack of any calendaring approach to managing time needed to accomplish tasks led to higher levels of disorganization, confusion, and ultimately stress. Table 2 reveals that four of the six students in this category switched to some type of calendaring system at a later point.

Table 2. Student Method Selection and Outcomes

<table>
<thead>
<tr>
<th>Group</th>
<th>Calendaring System</th>
<th>Student Utilization</th>
<th>Deadlines Missed (Mean)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Downloadable Paper-based Calendar (Instructor provided)</td>
<td>13 (16%) 1 (1%)</td>
<td>13.4</td>
</tr>
<tr>
<td>B</td>
<td>Downloadable Paper-based Calendar and Note Pages (Instructor provided)</td>
<td>3 (4%) 2 (2%)</td>
<td>11.7</td>
</tr>
<tr>
<td>C</td>
<td>Paper-based Calendar and Notes (Student Provided)</td>
<td>11 (13%) 10 (13%)</td>
<td>7.3</td>
</tr>
<tr>
<td>D</td>
<td>Paper-based Planner System</td>
<td>9 (11%) 26 (32%)</td>
<td>3.1</td>
</tr>
<tr>
<td>E</td>
<td>Both Electronic and Paper-based Calendars</td>
<td>14 (17%) 32 (38%)</td>
<td>6.8</td>
</tr>
<tr>
<td>F</td>
<td>Electronic Calendar (Cell phone)</td>
<td>20 (24%) 7 (9%)</td>
<td>14.2</td>
</tr>
<tr>
<td>G</td>
<td>Electronic Calendar (Laptop)</td>
<td>1 (1%) --</td>
<td>7.6</td>
</tr>
<tr>
<td>H</td>
<td>Both Cell and Laptop</td>
<td>5 (6%) 4 (5%)</td>
<td>8.8</td>
</tr>
<tr>
<td>I</td>
<td>None (write information in notebook brought to class)</td>
<td>6 (7%) 2 (2%)</td>
<td>14.5</td>
</tr>
</tbody>
</table>

A group with a comparable amount of missed deadlines (14.2 of 26) relied on their cell phones for a calendaring system. Discussions with these students revealed that a majority of them simply inputted role-play appointment times and task due dates into their devices. Rarely did they set and prioritize tasks to be accomplished, develop to-do lists, utilize reminder or memo functions, or track projects from conception to completion. This resulted in inadequate time to properly prepare for, execute, and follow through on tasks related to the role-play assignments. As one student stated, “I guess I wasn’t proactive about using my cell…I never really planned my days but instead felt it was enough to just record my work schedule, other appointments and meetings, or class-related stuff like exam and assignment due dates. It never occurred to me to think about how much time I needed in advance to prepare for our role plays. I just thought I would do it in my free time and keep pushing it back because something else would constantly come up.” Table 2
shows that more than half of these students (13 of 20) subsequently switched to a different type of calendaring system, the majority of which opted for a combination of both electronic and paper-based. Students felt more in control of their time when they could see it laid out on paper and began to develop to-do lists and then find blocks of time to get tasks done in a timely manner.

One might also conclude from the results that all paper-based calendaring systems are not equal. The downloadable calendar option provided by the instructor was initially chosen by 16% of the students. Yet, it looks as if it was not very useful for helping students to meet deadlines and thus all but one student chose to switch to a different calendaring method.

Other paper-based systems seemed to work better. The downloadable calendar with notes allowed students to better plan their days. Many students commented that the ability to create schedules, develop to-do lists, record ideas and document other information in a common area provided the visual confirmation needed to stay focused on successfully completing project tasks.

The ability to meet deadlines was even better for students that selected their own paper-based system instead of the instructor provided calendars. Results reveal that students were able to meet more deadlines. In fact, students using a planner-based system missed the least amount of deadlines (3.1 of 26) and the number of students using this type of system grew almost 66% by the time the semester had ended. Many of the converts never thought of investing in such a system but liked the benefits that their peers using planners received.

Approximately 40% of the students were utilizing a combination electronic and paper-based system by the end of the course. Students learned to record appointments, deadlines, etc. electronically and then print out the information to place in a paper-based calendar or planner to develop an ongoing visual of the steps and progress toward accomplishing a goal. One student declared “While my cell is my lifeline, I believe a (paper-based) planner increases my professional integrity and makes others take me more seriously. When I put info into my cell I am focused on what is convenient for me. When I open my planner I think of the bigger picture and what I need to accomplish that impacts not only me, but others as well.”

APPENDIX

NOTE: Comments taken from emails and reflection exercises assigned after the completion of each project.
Sample email comment (Britney K):

I know this is late, just like my last thing, and I am sorry but I promise this wont keep happening. My second job ends on Sunday so I will go from working 68 hours a week to 40, which will free up a lot of my time. I know there is no excuse for it but I just thought I should let you know.
REFERENCES


MARKET DECISIONS BASED ON EXPERT INTERVIEWS AND CUSTOMER SURVEYS – COMPARISON OF RESULTS

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Raphael Kunz, Provadis School of International Management and Technology, Germany
Francisco Aram Martinez Serrania, Tecnologico de Monterrey, Mexico

ABSTRACT

Some enterprises tend to reduce costs for market research activities by avoiding customer surveys. Instead they are using expert interviews to adjust their marketing and performance activities. In order to compare both approaches within one survey the authors took advantage of an international survey on contract logistics and show general results as well as differences in the results between both approaches and discuss them.

INTRODUCTION

The Background research field was a study which intends to support further research on logistics service providers in general and especially the 3PL plus 4PL development process (Prahalad and Hamel 1990). Therefore many aspects of outsourcing decisions are examined in the survey. The expert interviews were realized at the beginning of the project and beside their direct use were deployed to support the appropriate questions to the audience. A selection of significant findings of the similarities and differences in the characteristics of the answers from the two groups (expert interviews and customer survey) will be highlighted and discussed.

MOTIVATION/OBJECTIVES

One of the major considerations of enterprises is, how to gain a better understanding of their customers. Usually the chance to ask a broad audience results in higher costs related to a limited number of interviews with experts. These experts are selected either from the closest customers where long-term relationships are already established or from internal experts as well as colleagues where it is presumed that they have a broad understanding of the required information about the market.

For conducting a representative survey about (potential) developments different approaches are usually taken into considerations. In this case the common approach was to use in-depth interviews (expert interviews) to come up with the right questions for the extended survey with a representative number of participants (Schaeffer et al. 2010).

Decision makers in the industry are faced with the frequent problem how to set up a survey properly. How to get the right information without having the chance to ask potential customers before the rollout of the survey.

Due to that limitation investigators tend to ask co-workers and colleagues that cover the same perspective as the initiator. But how does this affect the quality of the outcome? Are the right experts good enough that the extra effort for the extended research could be relinquished? What difference can be expected in between the results of the two different parts? (de Leeuw and Collins 1997).

In order to gain a better understanding about this subject the authors used the case of an international survey to investigate the impact on the choice of experts as well as the value of an extended questionnaire that is distributed representatively etc.

After giving information about general approach and methodology a selection of survey results is displayed and discussed. By highlighting different perspectives according to the mind set of the expert a significant gap of gained knowledge is evident.

The paper closes with conclusions about the advantages and disadvantages if the two groups participate in the market decision process of the conducting body.

METHODOLOGY

To help detailing the conceptual approach of enterprises related to the buying of logistics services (contract logistics) and to compare the effect of different methods of collecting data to support business decisions this study is carried out in two parts. Each is an essential part in delivering insides on value and con-
constraints of deep interviews related to a following customer survey. One important aspect covered and examined is whether contracts are important in terms of relationship management or represent only a minor part of the business deal. This is matching to the research suggestion by Konstantinos and Spring (2007).

Part 1: Expert interviews – Background work aimed at identifying critical aspects for a successful outsourcing process. Therefore thirteen decision makers / leading managers from service buyers, contractors and logistics experts were interviewed separately. These in-depth interviews took around one and a half hours and covered all relevant aspects of the outsourcing process.

The managers participating in the intensive personal interviews work for logistics companies that are specialized in different areas. Also the interviewed work directly in the decision process. Thus it could be assured that the information is coming from sources knowing the processes under examination for marketing improvements.

The interviewed are considered high skilled in the area of their competence, but they are not considered experts in the outsourcing decision process for a company. Although the interviewed know how and when to outsource they are not inside the companies that actually make the decision on outsourcing. The interviewed can be divided into two major groups, big enterprises and small enterprises.

Part 2: Customer survey – A questionnaire converting all outcomes from the interviews into easy to answer and comprehensive questions was created. The amount of questions and potential answers was limited to a processing time of less then ten minutes in order to receive a representative amount of transmittals. The recipients of the survey were evaluated out of the databases of the participating universities. The initial survey was carried out electronically only. An online platform was provided by NYME University in Hungary.

For an extended sight on the issues, the initial survey was send out to 10.000 enterprises (SME, major enterprises and affiliated groups) which have outsourced some of their services in the last years or consider the outsourcing of logistics activities. This part of the survey included European based enterprises of 26 countries and 15 industries. The initial survey (phase 1 and 2) could be answered in English and German language between the 05th of July and the 10th of September 2010.

BACKGROUND

The correct setup of a survey defines the potential outcome for related business decisions. In this survey the goal was to achieve a better understanding about the requirements to address the buyers of logistics services according to their needs and to understand how they prepare their decision with enterprise to select for their outsourcing activities.

Part 1 opened a huge corridor for opinions on all aspects of this decision with the length and by the structure of the interviews. In part 2 there was need to consolidate the multiple aspects on the decision process into limited easy to handle and sufficient questions.

Based on the own knowledge and the experts’ interviews the design of the questions was limited to “closed questions” for all categories of questions (Christof / Pepels 1999).

Mainly questions where participants had to select (mostly multiple choice questions) and scaling questions were asked (rating) either in one-dimensional or (indirect) multidimensional scaling schemes (Nieschlag / Dichtl / Hoerschgen 1997). Methods similar to scaling don’t bear directives on the transformation of item-values into scale-values (Christof / Pepels 1999).

Part 2 included a pretest. After a Pretest to adjust questions and answering options the rollout of the survey took place in-between the middle of September to the middle of October 2010. Participation was only possible by online-questionnaire available. Database of potential participants was set together via University databases, Internet groups, and databases of related enterprises. The representativeness of the customers survey was tried to secure by sending out invitations to participate to more then 10.000 potential buyers of logistics services (Koch 2001; Scheffler 2000). As the response rate was unpredictable the representativeness was unclear at the beginning. However due to answers from more then 600 decision makers the results seem to be acceptably good.

VOLUME AND INVOLVEMENT IN OUTSOURCING DECISIONS

One important aspect of the outsourcing process is the extent of project team members involved. The overall range is between one and fifteen members, while both median and modus show three members. 29 % of all project teams have three members. Less then 9 % of all teams have more then seven people involved. The range of decision makers for all enterprises is shown in figure 1. In SME more then 80 % of all outsourcing projects have less the four team members. With few exceptions the majority of larger project teams is limited to major enterprises and affiliated groups.
It could be expected that the experts would name the right number of team members at minimum the value of the mean. But the expert’s interviews draw a different picture. The overall range from the expert’s answers is from 2 to 14. So the range is almost the same as the answers from the questionnaire. But the value of the average, mean and median is more than the double of the questionnaires answers. While the average in the questionnaire is 3.85 team members the expert’s value of the average team size is 7.61 team members. The mean and the median are growing from 3 to 8. The only answer both groups are underlining is that the bigger the company gets and the bigger the outsourcing contract is, the larger the team size will be. These answers show that there is a big gap between the opinion and knowledge of the experts and the questionnaires group.

In order to achieve a broad basis for a further empirical research of the contractual practices and the development of performance measurement systems in 3PL – according to Konstantinos and Spring (2007) - the participant were asked about the people involved in the complete decision making process. To understand what kind of decisions are made it is important to know who is influencing the outsourcing decision in general and particular.

Figure 2 (customer survey results) and figure 3 (expert interview results) show the level of managers to exert influence on the buying decision for 3PL services. The left column shows the management levels participating in the project. The participants that are allowed to propose service providers are displayed in the middle column. What additional people outside of the project team can recommend potential contractors is exemplified in the right column.

The decision makers within the project teams are mainly senior managers/head of departments, managers directly in charge of this specific buying decision and executive board members. People outside the team with significant influence are beside the hierarchically higher levels especially external consultants but in many cases apprentices, trainees and internship students as well. Even with a lower general acceptance there influence is overall up to 15% to all considerations.

The expert’s were questioned about the project team setup and members. Results divided into SME and big Enterprises are shown in figure 3. The smaller the company, the more often the owner is in charge of deciding the outsourcing project. The second general answer from the experts is that the bigger the complexity of the contract, the more people and hierarchies are involved.
DECISION CRITERIA

To get first evidence about the behavior of enterprises in how do they value or give a weight to the decision criteria used by the companies to choose a 3PL according to both survey parts are illustrated in Figure 4.

In grey at the left side we can see the answers that we obtained from the interviews with the logistics providers experts, in black we can see the “very important” criteria taken into consideration by the companies when they are looking for a 3PL, the chart is in hierarchical order determined by the results from Marketing Management Association 2011 Proceedings.
the customer survey. The most relevant is that the expert’s answers were most of the time located between the very important and important sections from the customer survey.

Also is important to point out the top 3 decision criteria (table1):

<table>
<thead>
<tr>
<th>Table 1. Decision Criteria</th>
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</thead>
<tbody>
<tr>
<td>Experts Interviews</td>
</tr>
<tr>
<td>References</td>
</tr>
<tr>
<td>High service level</td>
</tr>
<tr>
<td>Low Price</td>
</tr>
</tbody>
</table>

The interviewed experts showed more interest in having good references and personal contacts in the network than offering a good price-level; and we can see the importance of having a good reference or personal contacts in the figure 5, from the customer survey. Almost half of the enterprises contracting (47 %) are taking advantage of existing relationships with service providers. And 25 % are coming back to older partners for future collaboration. But figure 5 also shows that the option to collaborate with partners that showed their performance already is not necessarily resulting in a positive decision towards one of the preferred partners. On the other hand 15 % of the potential contractors are invited to the selection process but never received the contract by now. Supporting the networking aspect is the fact that just 13 % of all competitors for a new contract are new to the service buyer.

Fig. 5. Relationship with Service Provider (Survey Result)

The interviews also showed us that for a long term or large contract the 3PL do not take into consideration the price, but when the contract is for short term the price and the soft skills play a higher role into the decision criteria.

DEcision METHOD

Another important aspect in which we can compare customer survey and expert interviews are the decision methods. Especially what do experts think the customers are using and what the customers are really using in order to select their preferred service provider (figure 6).

Fig. 6. Decision Method (Survey Result)

The first important finding that we can see is that the experts and the customers, in both cases agreed to use a brainstorming as the starting point for searching a 3PL.

But then the experts differ in the followings methods, giving the experts more importance to on site inspection when the customer survey showed that the inspection is really only in the fourth position of importance for the customers. The research method and the recommendations are methods that the customers use to choose their 3PL for the long list.

Within the interviews the experts did not know exactly the number of 3PL listed on the long list but they told us that a minimum of 10 3PL are in it.

CONCLUSIONS

These results can be summarized explained by three major findings before further research will follow. First, the results show that experts expect a greater influence from top management (board or general management). In reality the buyers of services show more involvement from other management...
levels. The question is, if the participants underestimate the involvement of the top management in the average outsourcing decision.

Second, the two interviewed groups do have another idea of the size of the projects. As described before the bigger the projects get the more people of higher hierarchic position are involved. If the interviewed people benchmark their recent projects the results can differ a lot from reality. To get comparable results it is unavoidable to supply both groups with the same information.

Third, related to the specific topic there are huge gaps in between the answers of the experts itself and towards the customer survey. Which raises the general question about validity by interviewing few experts. The gap is still up to 60 % if the experts are consolidated before matched to the customer results. Due to that a customer survey (as the second step in the market research) still provides an added value. Additionally selecting the appropriate experts to be interviewed will support the maximum outcome of the fundament for market decisions.

REFERENCES


