Once Retro
Now Novel Again

2014 Annual Spring Conference Proceedings

Editors
Deborah DeLong, Chatham University
Dawn Edmiston, Saint Vincent College
Roscoe Hightower Jr., Florida A&M University

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Dear Friends:

It has been my absolute pleasure to chair a conference that allows us to challenge our thinking. This year you were invited to continue to foster your growth as not only educators but also as researchers and bring back some of the vigor to our practices and ever growing minds. The Spring Marketing Management Association Conference has been an opportunity for us all to learn from one another. As well as a chance to build our careers, our relationships with our students, and of course ourselves.

The 2014 Spring MMA Conference has an impressive program of career-related panels and academic research papers that should foster attendance, teaching, and scholarship. The titles of the research papers will inspire you and bring fond memories of old, as we gather in the historic Palmer House. This year will feature several speakers and guests that are industry leaders, to help inspire and develop our skills outside of our academies.

I have truly revered the chance to work with you all this year, and I hope the Spring MMA Conference is a great experience for you, as it has been for me. I would like to thank all of the dedicated track chairs and reviewers for helping to bring this Spring Proceedings to fruition. Additionally, I would like to thank the MMA Officers and Board of Directors for keeping the organization on track; their consistent hard work and effort has been invaluable.

Thank you for your continued support of MMA, and I hope you enjoy your time with us in Chicago as we return to the Palmer House.

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ONCE RETRO NOW NOVEL AGAIN: DOES THAT APPLY TO CONSUMPTION HABITS?

Gwen Achenreiner, University of Wisconsin, La Crosse

EXTENDED ABSTRACT

Compulsive consumption is a concern to marketers and consumer advocates due to its relationship to a number of emotional and financial factors, affecting individuals, families, and, in general, society, such as depression and anxiety, alcoholism, eating disorders and financial stress. Previous studies on compulsive consumption using a variety of samples and scales suggest compulsive buying affects somewhere between 1-18 percent of the population. This paper examines compulsive behavior across 3 generations.

Compared to the Baby Boomer population, younger generations are often lauded as being more environmentally conscious and politically conservative in their values and behaviors; more similar to traditionalist generations. Traditionalist generations, born before 1946 and also called the Silent Generation and GI Generation, value civic responsibility, conformity, frugality and hard work. Baby Boomers, on the other hand, have been characterized as self-indulgent and desiring of instant gratification.

The sample consists of 202 respondents from the North Central region of the United States, with 75 being born between 1983 and 1990 (Millennial Generation); 65 born between 1968-1982 (Generation X); and 62 born prior to 1968 (Baby Boomer Generation). The scale used in this study is the 6-item scale Compulsive Buying Scale, which ranges from 6-42, with mean scores of approximately 17 previously reported in the literature. Participants with scores of 25 or higher are considered compulsive buyers. By removing items related to financial hardship, this scale is designed to do a better job of measuring compulsive buying in the upper income segments, which may be less hurt by financial mismanagement.

The findings in this study are strikingly higher than those previously reported, with 34.2 percent of participants being rated compulsive buyers and the mean consumption score across all participants being 21.04. These findings suggest that compulsive consumption rates are much higher than previously reported. In addition, compulsive consumption appears to vary significantly by generation with Millennials, at 40.0 percent, and Generation X, at 44.6 percent, being significantly more likely to be compulsive buyers than baby boomers, at 16.1 percent (p-val, .00). The differences in compulsive buying between Millennials and Generation X are minimal, and not statistically significant (p-val, .68). This suggests that both of the younger generations, which grew up in a world bombarded with advertising, rapid advances and changes in technology, parents who work outside the home, high divorce rates and increasing diversity, are very similar in their rate of compulsive buying, even though the values and attitudes associated with these two generations may vary. Of concern, though, is that these two younger generations are more than twice-as-likely to be rated compulsive than the more “retro” Baby Boomer Generation.

Younger generations may be more environmentally conscious and politically conservative in their values and behaviors, but the frugality of the Traditionalist generations, does not appear to be novel again. It is imperative that credit be less available and less commercialized, and children be taught the basics of sound financial management.

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I WILL EAT THIS CHOCOLATE CAKE ONLY IF YOU HAVE ONE TOO! THE CURIOUS CASE OF INDULGING WITH OTHERS

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EXTENDED ABSTRACT

Non-indulgent or so-called utilitarian products are basic needs or necessities for which it is easy to find justification for spending money (Strahilevitz & Myers, 1998). Indulgent products, on the other hand, are accepted as luxuries that give pleasure (Chitturi, Raghu, & Mahajan, 2008). However, these indulgent products that enhance the quality of life such as vacations, gourmet restaurants, and chocolate truffles may be perceived as wasteful and associated with feelings of guilt (Berry, 1994). Higher levels of guilt, in turn, have been shown to prevent consumers from choosing indulgent products or from indulging (Lee-Wingate & Corfman, 2010). Extant research has focused on attitudes toward indulgent products in case of individual consumption scenarios. However, as research suggests, many indulgent consumption activities such as shopping, going on vacation, eating at a restaurant are usually shared with other people (Raghu, & Corfman, 2006). In the current research, we suggest that co-consumption of indulgent products may impact consumers’ perceptions such that they may have more positive attitudes toward an indulgent product when they share the experience with someone rather than consuming it alone. In addition, we argue that consumers may feel less guilty in such a shared-consumption scenario now that guilt is shared as well. Moreover, literature has recognized that individuals may differ in terms of their inclination to compete. Graziano, Hair, and Finch (1997) suggest that characteristics of individuals may undermine inter-individual cooperation because some individuals may “expect social relations to be competitive.” Thus, we suggest that individual differences may cause consumers to react differently when they share the experience with others. More competitive individuals may feel really competitive and disregard the beauty of sharing a consumption experience with others, focusing more on what they eat and what others eat. On the other hand, since their priority is not competition, less competitive individuals may be more likely to enjoy sharing experiences with others, rather than considering this as a competitive situation.

We support our expectations with two studies. The first study was designed as 2 (dessert type: non-indulgent vs. indulgent) x 2 (consumption situation: lone vs. shared) between-subjects experiment. Dessert type was operationalized as fruit salad (non-indulgent option) and chocolate cake (indulgent product) as in previous research (Kivetz & Zheng, 2006). Consumption situation was manipulated as ordering dessert alone versus with someone. We first measured attitude toward choice with 9-point scale items (negative/positive; unfavorable/favorable). Participants also indicated their likelihood (Please indicate your likelihood of ordering chocolate cake (vs. fruit salad); 1=not likely, 9=very likely). In addition, we measured participants’ level of guilt (I feel guilty about my choice, 1=strongly disagree, 9=strongly agree). We found a significant two-way interaction between dessert type and consumption situation ($F(1, 79) = 5.422, p < .05$). Specifically, participants had more positive attitudes toward the chocolate cake when they were with a friend (vs. alone) ($M_{share-cake} = 6.18$, $M_{lone-cake} = 5.28$). Also, participants were more likely to order chocolate cake in the shared (vs. lone) condition ($M_{share-cake} = 6.50$, $M_{lone-cake} = 4.95$). Results for feeling guilty replicated previous research in lone consumption situation: participants felt guiltier when they had chocolate cake (vs. fruit salad). Importantly, level of guilt dropped when participants ordered chocolate cake with a friend (vs. alone) ($M_{share-cake} = 3.00$, $M_{lone-cake} = 4.40$). In study 2, consumption situation was manipulated as in study 1. This time, participants were first asked to make a choice between chocolate cake and fruit salad. Then, we measured their level of guilt regarding their choice. Lastly, they were asked to answer questions measuring their competitiveness level. Results revealed a significant two-way interaction on dessert choice ($\beta = -.136$, p < .05). Specifically, less competitive participants were more likely to choose chocolate cake (vs. fruit salad) in the shared consumption condition ($M_{cake} = 86\%$, $M_{fruit-salad} = 50\%$, p < .05). No significant results were evident for more competitive participants. We also found a significant two-way interaction on guilt levels ($\beta = .973$, p < .01). More importantly, we tested the mediating role of guilt by using the bootstrap analysis (Preacher & Hayes, 2008).
and found that level of guilt is a significant mediator of consumption situation and competitiveness on dessert choice (CI: -.5628 to -.0439, not including zero).

Current research contributes to literature by suggesting a license to indulge by portraying “shared guilt” as a mechanism to encourage consumers to indulge more, especially for those who are less competitive. It also has practical implications for marketers in terms of determining which strategies should be used to stimulate sales of indulgent products. Managers can benefit from emphasizing “sharing the experience” aspect when marketing these products and may reduce consumers’ feelings of guilt that prevent them from consuming indulgent products.

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SAVE THE BEST FOR LAST: THE IMPACT OF “LONG TERM ORIENTATION” ON CONSUMERS’ DECISIONS

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EXTENDED ABSTRACT

Consumers may differ in terms of the order with which they start trying or consuming products. Some might not be patient enough and prefer enjoying their favorite one first; whereas some others may keep the best for last. The research objective of the current paper is to investigate what prompts this differential behavior among consumers. What determines the sequence of product trial? Which types of consumers are more likely to start with their favorite product and which ones delay pleasure and keep their favorite product for last instead?

Research suggests that consumers may sometimes impose a wait on themselves because they consciously prefer to wait for the best outcome (Loewenstein, 1987). Loewenstein and Prelec (1993) show that, when given two intertemporal choices (e.g., eating at home versus eating at a fancy restaurant), individuals postpone the better outcome such that they prefer eating at home this week and going to a fancy restaurant next week, indicating a desire for improvement over time. However, Loewenstein and Prelec (1993) focus mostly on intertemporal consumption scenarios in which the waiting time is relatively long (e.g., consumers have to wait for one week or one month for the better outcome). Therefore, by the time the best option is enjoyed, the consumer may have already forgotten about the other, less favorable option. The current research rather focuses on shorter periods of time where the consumer needs to wait couple of minutes for the better option such as tasting the least favorable appetizers first and then savoring the favorite appetizer at the end, leading to a clearer assessment of all options at the same time. The current research suggests that consumers will be different in terms of their preferences for waiting for the best outcome or being impatient for it. Some consumers may save the best for last whereas some others may savor the best option first and then consume the other options.

Research has shown that individuals control themselves in order to pursue their long term goals, ideals and norms (Baumeister, 2002). Thus, they give up some short-term pleasure in order to attain their future goals. Thrift and perseverance are values associated with long-term orientation and are strongly correlated with individualism (Hofstede and McCrae, 2004). Short-term orientation on the other hand is associated with values such as respect for tradition, fulfilling social obligations and protecting one’s “face” (Matsumoto, 2006). Therefore, we suggest that consumers with short-term orientation will be more likely to impatient and prefer to consume their favorite item first. On the other hand, consumers with long-term orientation will be patient and savor their favorite item at the end.

We are planning to test this hypothesis with a study in which we will first use Hofstede’s scale (2001) to measure our participants’ long-term versus short-term orientation. Then, we will ask them to read about a scenario in which they will imagine that they are about to taste four different cold appetizers. Our main dependent variable will be participants’ choice of tasting the favorite appetizer first or saving it for the last. We expect to find that short-term oriented participants will be more likely to try their favorite appetizer first; whereas long-term oriented participants will be more likely to try their favorite appetizer at the end. In another study, we plan to introduce a moderator variable by including some risks associated with consumers’ choices. We suggest that when they foresee risks for saving the best option for last, long-term oriented consumers will behave as short-term oriented consumers and will prefer to consume their favorite product as soon as possible. To test this, we will slightly change our scenario in the first study. This time, participants will imagine tasting four different hot (instead of cold) appetizers. Therefore, if they prefer to savor their best appetizer the last, they will end up tasting it cold, losing its real taste. We predict that, in this scenario, short-term and long-term oriented participants will be more likely to savor their favorite dish first because they will not be willing to take the risk associated with saving it for last.
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CELEBRITY ENDORSEMENT ENTERING THE 21ST CENTURY: A CONTENT ANALYSIS OF PRINT ADVERTISING

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EXTENDED ABSTRACT

An attempt was made to answer questions regarding who is the celebrity endorser and what role does he or she play in advertising, through a content analysis of ads that appeared in various magazines between January 2002 and March 2003. The analysis revealed that celebrity endorsers were more likely to be male than female and above 30 years old; they were used most often in ads for clothing and shoes (26.1%), and cosmetics, personal care, and hygiene products (22.3%); and they were more likely to be involved in endorsements rather than testimonials.

The use of celebrities in advertising has generated a lengthy stream of research, resulting in various findings about the utility of celebrities as endorsers (for reviews, see, for example, Amos, Holmes, and Strutton, 2008; Erdogan, 1999; Keel and Natarajan, 2012). Despite the lengthy stream of research on celebrity endorsements, surprisingly, little research has used a methodology such as content analysis to explore who is the celebrity endorser in US advertising and what role does he or she play. An exception is Belch and Belch (2013), who found that celebrities were used mainly in teen and sports magazines to advertise mainly media and athletic products. To explore the issue of who is the celebrity in American advertising at the start of the 21st century, we conducted a content analysis of a convenience sample of print ads in which celebrities appeared.

Central to our study were the following questions: Can a content analysis of ads featuring celebrities provide us with clues as to who is the celebrity endorser in US culture? Does advertisers’ use of celebrities in print advertising in the US reflect the themes, findings, and recommendations from the stream of research and discourse in this area? Specifically, we explored the following issues: Issue 1: Who is the celebrity endorser, given McCracken’s thesis regarding the cultural meanings with which celebrities are endowed?; Issue 2: What kinds of products are celebrities used to promote, given such theories as the elaboration likelihood model (ELM) and its propositions regarding celebrities as peripheral cues in advertising?; Issue 3: In what capacities do advertisers use celebrities in advertising? Schiffman, Kanuk, and Wisenblit (2010) indicate that when a company decides to use a celebrity, the company can use the celebrity to give a testimonial; in an endorsement; as an actor in a commercial; or as a company spokesperson (p. 291).

A total of 287 ads featuring celebrity endorsers, which were collected by students enrolled in business classes at a Midwestern US university, were content analyzed. We found that the celebrity in advertising were more likely to be male than female; more likely to be Caucasian American; more likely to be over 30 years old; and with a slightly greater number being entertainment celebrities. Our results regarding gender of celebrities in advertising are dissimilar to those of Hsu and McDonald (2002), who found equal representation of male and female celebrity endorsers in the milk mustache campaign. However, our results regarding type of celebrities are similar.

The celebrities in our ads were more likely to be used to advertise products that could be classified as low involvement products. There were limited cases of celebrities in our sample being used to advertise high involvement products. There were, however, some gender differences in products endorsed. On the matter of congruence, our results are consistent with results found by Jones and Schumann (2000), using ads featuring sports celebrities. They found no discernible patterns regarding connection between the celebrity and the brand being advertised; nor was any connection likely to be reinforced by ad copy or headline. This is not in keeping with recommendations from work on the match-up hypothesis. Another issue on which we coincided with Jones and Schumann was on the matter of endorsements versus testimonials. Jones and Schumann found that only 13.9% of the celebrities in their study actually gave “statements of endorsements”; we found that celebrities gave testimonials only 15% of the times. Indeed, the use of celebrities in advertising can truly be referred to as “endorsements” (84% of the cases in our sample).
A limitation of our study was the way in which our sample of ads was obtained. While traditional content analysis establishes a sampling frame from which ads are obtained, we relied on a number of undergraduate students to obtain ads from magazines to which they were exposed. An inherent benefit from this procedure is that we can get some insights into the types of magazines to which a group of consumers that are prime targets for celebrity endorsements are exposed. Since this is a part of an ongoing project, we plan a future study in which a sampling frame will be used and results from that analysis compared with these to see whether there are, in fact, any differences.

Another point that we need to make is that, despite our ability to say who is the celebrity endorser, what products he or she endorses, and the celebrities’ methods of influence, we cannot draw conclusions as to why advertisers use celebrity endorsers in the ways that they do. Nor can we use content analysis to make judgments as to the relative efficacy of celebrity endorsements. A follow-up study using depth interviews to gauge the meanings that target audience members assign to ads featuring celebrity endorsers would be a good extension of this line of research.

Further research can also look at whether there are trends in the use of celebrities in advertising. Such a longitudinal study could investigate whether we see changing patterns based on changing social and cultural trends. For example, in recent years in the US, we have seen the rise of reality shows as a TV genre, with its attendant slew of "new celebrities." We have also seen media images of people who are regarded as "famous for being famous" (for example, Paris Hilton). Is this change in American culture reflected in who we see being used in celebrity endorsements? Equally important would be an investigation of the use of celebrities in other media such as television and online, or via social media.

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SOCIAL COMMERCE EMERGES AS BIG BRANDS POSITION THEMSELVES TO TURN “FOLLOWS”, “LIKES” AND “PINS” INTO SALES

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ABSTRACT

The use of social networking sites has exploded. Consumers now share information online (eWOM) through recommendations, reviews, ratings and referrals in what has led to purchases as a result of social interactions via these platforms. This consumer-mediated purchasing is called social commerce, a sub-set of e-commerce. A survey of the 2013 Fortune 500 reveals that their adoption of these social media tools has increased, most notably in the newer, more commerce friendly platforms. The world’s biggest brands may have found a way to move past engagement (likes, followers, pins etc.) and generate revenue on social media sites.

INTRODUCTION

Shopping has always been considered a social activity, but when combined with the likes, follows and pins of social media platforms and the proliferation of smart phones, shopping has been streamlined. The result of this evolution and maturation of social media is the emergence of social commerce or s-commerce.

Social commerce is a subset of electronic commerce or e-commerce. It involves “using social media that supports social interaction and user contributions, to assist in the online buying and selling of products and services” (2013 Business Insider). The term social commerce was introduced by Yahoo! in November 2005 to describe a set of online collaborative shopping tools such as shared pick lists, user ratings and other user-generated content sharing of online product information and advice.

The concept of social commerce was developed by David Beisel to denote user-generated advertorial content on e-commerce sites, and by Steve Rubel to include collaborative e-commerce tools that enable shoppers "to get advice from trusted individuals, find goods and services and then purchase them" (Cohen, 2011). The social networks that spread this advice have been found to increase the customer's trust in one retailer over another.

The consumer decision process is now impacted by social referrals from friends and strangers alike. Our search for, and evaluation of alternatives is being fueled at the core by social media. Our face-to-face communication is now moving online resulting in an unprecedented amount of consumer-generated information that impacts all aspects of decision making, including those surrounding the purchase and use of goods and services (Goldsmith and Horowitz 2006).

As a result, one can certainly assume that online discussions (eWOM) can, and do, impact sales, reputations and brands. While there has been some early work on the role of eWOM in the diffusion process (Arndt 1967; Sheth 1971) the more recent research has recognized the importance of online conversations for businesses (see especially Armstrong and Hagel 1995).

In this paper we consider the growth of eWOM on social networking sites and as a result, social commerce. The Fortune 500 (F500) provide empirical evidence that the most successful corporations are embracing social media tools and that social commerce may be the next big wave in the digital marketing arena. We examine the growth in adoption of social media tools among the F500 and the corresponding growth of social commerce. We begin by looking at the evolution of the work done on WOM and later on eWOM especially as it relates to marketing.

CONCEPTUAL BACKGROUND: WOM, PWOM, NWOM AND THE EMERGENCE OF EWOM

Over 70 years ago, the two-step flow theory was tested and confirmed (Katz 1957). The hypothesis that ideas flowed from mass media to opinion leaders and from these to others, depended in large part on informal communications referred to as “word of mouth” (WOM). As early as 1955, Katz and Lazarsfeld claimed that personal influence has more effect than media because it consists of active communication rather than one-way promotion.
The WOM literature has been the focus of interest since then, mostly looking at the role of WOM in the diffusion process (Arndt 1967; Sheth 1971). The essence of WOM is its personal influence over others in their decision-making; people tend to gather opinions from sources they find credible or knowledgeable (Haywood 1989).

The potential power of influence made opinion leaders of interest for much of the early research on WOM (Arndt 1967). Arndt studied the effects of positive WOM (PWOM) and negative WOM (NWOM). He concluded that PWOM is more frequent compared to NWOM and consumers are eight times more likely to receive favorable WOM than unfavorable WOM.

More recently, East (2008) found that consumers were three times more likely to receive PWOM than NWOM across several categories. East also found that generally PWOM has more of an impact than NWOM, while others have claimed that NWOM can be more influential than PWOM (Bayus 1985).

Breazeale (2008) concludes that NWOM has a more powerful influence on consumers due to the fact that dissatisfied customers disseminate their experience and feelings more frequently than those who are satisfied. Engel (1969) advised businesses that, “your best salesman is a satisfied customer.” Despite the mixed results on which has a more significant impact, East and others have found that both positive and negative WOM have a definite effect on purchasing behavior.

**eWOM and Market Impact**

Researchers began to look at the motivation for consumers to engage in online referral activities, in terms of both giving and receiving. Henning-Thurau and Walsh (2003) provide a list of possible motivations including risk reduction, reduction of search time, learning how to consume a product, dissonance reduction, determination of social position, belonging to a virtual community, remuneration, and learning what products are new in the marketplace. Regardless of the motivation, it is clear that this online chatter exists in the marketing environment.

Feick and Price (1987) suggested that some of those disseminating information about products were doing so based on their knowledge and prior expertise or involvement in the product. These opinion leaders were referred to as “market mavens”. Their information went beyond that of the traditional opinion leader in that information was not only about a product but the marketplace as well as they shared information about prices, best places to make purchases, and couponing. These influencers, if they were identified, could play a critical role in promoting a particular product or service.

Today, the internet is revolutionizing how businesses relate to consumers who have the potential to connect with each other in new and powerful ways (Rayport and Sviokla 1994). Armstrong and Hagel (1995, 1996) proposed: “Commercial success in the online arena will belong to those businesses that organize electronic communities to meet multiple social and commercial needs.” The online option has become the vehicle of choice for many to exchange opinions and share information (Henning-Thurau et al. 2004; Gruen et al. 2006; Brown et al. 2007; Edwards et al. 2010).

As consumers flock to their favorite sites to share information, they have opportunities to express their support for products and services through Facebook “likes”, “follows” or retweets on Twitter or to “pin” things on Pinterest. There is now some evidence that these likes, follows or pins lead to purchases through these social networking sites.

One report (Smith, 2013) put Pinterest, a relatively new and less populated platform than Facebook or Twitter, squarely in the social commerce competition. According to their findings, during the second quarter of 2013, Pinterest accounted for 23% of social commerce sales while Twitter had 22% and Facebook’s share was 28%. They attribute this success to the visual and product-oriented focus of Pinterest which creates a natural social platform for e-commerce.

A white paper released in July, 2013 (Stadd) reports the results of a survey with over 6,000 respondents over a 17 month period. The focus is social commerce on Facebook, Twitter and Pinterest. The results include the following:

- Social media drives roughly equal amounts of online and in-store sales
- Nearly 4 in 10 Facebook users report that they have at some point gone from liking, sharing or commenting on an item to actually buying it.
- 43% of social media users have purchased a product after sharing or favoriting it on Pinterest, Facebook or twitter.

An interesting research question arises from these reports. Are businesses ready to take advantage of the potential social commerce explosion? Are they moving to increase their presence and engagement on social networking sites in order to benefit from the emergence of social commerce? An annual study of the Fortune 500 (F500) conducted at a northeast university shows evidence of increased social media adoption, especially of newer, more visual platforms, where social commerce has
shown promise. The results of the latest iteration of the survey of the 2013 F500 provides some insight into how the top businesses may be positioning themselves in this new environment of consumer mediated purchasing through social media platforms.

Fortune Magazine annually compiles a list of America’s largest corporations, aptly named the “Fortune 500” given their size and wealth. Due to the hugely influential role that these companies play in the business world, studying their adoption and use of social media tools offers important insights into the future of commerce. These corporations provide a look at emergent social media trends among America’s most successful companies. The F500 list includes publicly and privately held companies for which revenues are publicly available.

The results presented here are based on the adoption of popular and well established platforms like Facebook and Twitter and some of the newer and fastest growing social media platforms and tools (Instagram, Google+, Foursquare and Pinterest) by the F500. Indicators of engagement (such as the number of Facebook fans and Twitter followers) are also included to gauge the involvement of consumers with brands.

All corporations were analyzed using multiple steps. First, working from the published 2013 F500 list, all corporate home pages were examined for links to, or mention of, the social networking platforms being studied. If none were found, a search on the company’s site was conducted using key words with the name of the platform. Any links resulting from that search were followed and evaluated using the established criteria.

If no results were located on the home page or through a site search, other search engines were used. Both Google and Technorati (a leading blog-focused search engine) were employed to check for corporate use of social media platforms using key words that included the primary/listed company name. This proved to be an effective method since additional sites were located. A search of other sites gathering information on the F500 was also reviewed for any mention of social media networking sites in that group.

### TWITTER AND THE FORTUNE 500

Three hundred eighty-seven (77%) of the F500 have corporate Twitter accounts with a tweet in the past thirty days. This represents a 4% increase since last year. Eight of the top 10 companies (WalMart, Exxon, Chevron, Phillips 66, Apple, General Motors, General Electric and Ford Motors) consistently post on their Twitter accounts. Berkshire Hathaway and Valero Energy do not tweet.

The 387 corporations with corporate Twitter accounts come from 72 of the 75 industries represented in the F500. A partial list is presented in Table 1 showing those industries with the greatest presence on Twitter in the F500. The percent of corporations with Twitter accounts varies by industry. The Commercial Bank industry has 94% and the Food Consumer Products industry has 93% of their companies on Twitter. Companies in the Specialty Retail industry have 91% of their companies on Twitter. Other industries listed have half or more of their companies using this platform.

Rank appears to be an influence for the use of Twitter by the F500. Eight of the top 10 companies have corporate Twitter accounts. Forty-three percent of the Twitter accounts belong to the companies in the top 200 on the list, while 36% come from those ranked in the bottom 200.

Those ranked higher in the 2013 F500 are more likely to adopt Twitter than their lower ranked counterparts. More successful companies are more likely to use social media and to have greater consumer engagement using popular metrics like followers or likes. This creates a fertile environment for the growth of social commerce.

Ironically it is the popular Facebook, new to the F500, that has the highest number of followers on Twitter, followed by Google, Starbucks, Whole Foods Market, Walt Disney, JetBlue Airways and Southwest Airlines. The number of followers provides an important metric for the potential of social commerce. Higher engagement could translate into increased sales for companies.

<table>
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<th>Corporate Twitter Accounts by Industry</th>
<th>Number of Companies w/Twitter Accounts</th>
<th>Percent</th>
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<tbody>
<tr>
<td>Commercial Banks</td>
<td>17/18</td>
<td>94%</td>
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<tr>
<td>Food Consumer Products</td>
<td>13/15</td>
<td>93%</td>
</tr>
<tr>
<td>Specialty Retailers</td>
<td>20/22</td>
<td>91%</td>
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<tr>
<td>Chemicals</td>
<td>13/15</td>
<td>87%</td>
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<tr>
<td>Telecommunications</td>
<td>14/17</td>
<td>82%</td>
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<td>Utilities: Gas and Electric</td>
<td>18/23</td>
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<td>Aerospace and Defense</td>
<td>8/12</td>
<td>67%</td>
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<tr>
<td>Insurance: Property and Casualty (Stock)</td>
<td>9/17</td>
<td>53%</td>
</tr>
<tr>
<td>Motor Vehicles and Parts</td>
<td>8/15</td>
<td>53%</td>
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Table 1: Corporate Twitter Accounts by Industry
FACEBOOK AND THE FORTUNE 500

Three hundred forty-eight (70%) of the F500 are now on Facebook. This represents a 4% increase since last year. Nine of the top 10 companies (WalMart, Chevron, Phillips 66, Berkshire Hathaway, Apple, General Motors, General Electric, Valero Energy and Ford Motors) have Facebook pages. Exxon does not.

The 348 corporations with corporate Facebook pages come from 72 of the 75 industries represented in the F500. A partial list is presented showing those industries with the greatest presence in the F500. The percent of corporations with Facebook pages varies by industry.

Companies in the Specialty Retail industry have 96% of their companies on Facebook. The Telecommunications industry has 88% with corporate Facebook pages. Other industries listed have half or more of their companies using it while the Utilities industry has 44% and the Motor Vehicles and Parts industry has 40%.

Coca-Cola dominated for the past two years but for 2013 Facebook, new to the F500 list, has the most Facebook fans. Coca-Cola followed with 66,875,169 fans. Walt Disney, Starbucks, WalMart and Target all have more than 20,000,000 fans. As Facebook increases opportunities for commerce, and companies market more directly on this platform, revenues from social commerce are certain to grow.

Pinterest has grown in membership since its public debut in 2010 and is showing up in the F500. In 2012, 11 (2%) F500 companies had Pinterest accounts. This year that number has grown to 45 companies or 9%. Half of the top 10 ranked companies have Pinterest boards including WalMart, Exxon Mobil, Apple, General Motors and Ford. As noted earlier, Pinterest is experiencing some early success with social commerce through its platform. Adoption of this platform mirrors the growth of social commerce on it.

GOOGLE+ (MULTILINGUAL SOCIAL NETWORKING AND IDENTITY SERVICE SITE)

One hundred and seventy-seven (35%) of the 2013 Fortune 500 have active Google+ accounts including WalMart, Phillips 66, Apple, General Motors, General Electric and Ford Motors. Additionally, 93 (19%) have Google+ corporate accounts that have not yet become active. This is the only platform studied where there were a significant number of open, but inactive accounts. It may be that corporations are still learning about Google+ or have not yet found the best use of this platform in their social media mix.

INSTAGRAM (PHOTO-SHARING AND SOCIAL NETWORKING SITE)

Instagram, owned by Facebook, is a first time F500 company. Forty-four (9%) of the 2013 F500 have a corporate Instagram Account, although 1 is inactive. Ford Motors is the only top 10 company on Instagram. Other adopters include AT&T, Avon and Home Depot.
Like Pinterest, Instagram is a visual site with increasing numbers of users. It has also been connected with the rise in social commerce.

**FOURSQUARE (LOCATION-BASED SOCIAL NETWORKING SITE)**

Forty-four (9%) of the 2013 F500 have corporate Foursquare accounts for use on mobile devices. WalMart is the only top 10 company using Foursquare. Other adopters include Target, WalGreen and Lowe’s. Unlike the other platforms, Foursquare is location based so it may see social commerce generated off line as it direct its users to places of business in order to “check in” and win titles and awards.

The chart below shows the usage of social media platforms among the F500 in 2012 and 2013. Foursquare, Instagram and Google+ were included for the first time in 2013 and debuted with respectable numbers. All other platforms show an increase in adoption.

**CONCLUSION**

As consumers share opinions about products and services via their favorite social networking sites, the opportunities for increased sales exists. The Fortune 500 companies appear to have taken note of the significant new marketing opportunities as a result of the abundance of consumer-generated content.

The 2013 Fortune 500 have now fully embraced new communications tools that have taken so many other sectors by storm. In the past year, these business giants have increased their adoption of Twitter for corporate communications by 4% and their adoption of Facebook pages by 4%. Sixty-nine percent of the 2013 F500 use YouTube, up 7% last year. Those social networking sites showing social commerce activity like Pinterest and Instagram, also show an increase in adoption.

This data indicates that there is a growing presence of big brands on social networking sites and that these sites are experiencing growth in social commerce or consumer-mediated sales. If other businesses follow this path, social commerce is destined to be the next big trend.

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AGGLOMERATION EFFECTS IN COLLABORATIVE CLUSTERS: THE IMPACT OF COMPETITOR AND SUPPLIER CLUSTERS ON INNOVATION

Vishal Bindroo, Indiana University South Bend

ABSTRACT

In this research, the authors study the effect of geographic concentration of a firm’s external collaborators on firm innovativeness. Geographic concentration of a firm’s external collaborators is measured based on the firm’s proximity to the competitor and supplier clusters. The broad question studied is: Does it matter to firm’s innovative output (new product development), if the competitors and suppliers of the firm are located geographically close (within same geographical region) to the firm? Empirical evidence for this research is obtained using secondary data. The results indicate proximity to both the supplier and competitor clusters significantly help innovation.

KEY WORDS: Innovation, Competitor Clusters, Supplier Clusters

INTRODUCTION

Agglomeration of firms, which is defined as the geographical concentration of similar and related industries within one region, is becoming a striking feature of the geography of today’s economic activity (Krugman 1991), and this phenomenon transcends globally. Some of the examples of this phenomenon are major high-tech firms headquartered in Silicon Valley region, Biotech companies, which are geographically clustered in Boston region, and knitwear clusters in northern Italy. Related research to understand the origins and the implications of the geographic clustering of economic activity has increased in recent years (McCann & Folta 2008).

Past studies in agglomeration research have tended to examine agglomerations in a broad range of industry types like hotels and manufacturing (Shaver & Flyer, 2000), as well as product types like semiconductors and biotechnology (Folta, Cooper, & Baik, 2006).

Results from empirical research have generally supported the view that related industrial activity does agglomerate and the existence of agglomerations is a factor that affects firms’ location choices. Specifically, extant agglomeration research shows that several types of economic activities tend to cluster, like innovative activity and locational choices etc. (Audretsch & Feldman, 1996). Furthermore, there is also growing evidence for the benefits that are available for those firms that choose to concentrate spatially with related firms - in terms of sales, revenue (Chung & Kalnins, 2001), knowledge flows (Rosenkopf & Almeida, 2003), new alliances, and new equity partners (Folta et al., 2006), etc. In short, agglomeration of firms is fruitful for both firms and geographical region.

While past research has shown that the benefits of geographical proximity and clustering of related firms are clear and present, there are open issues in the literature that could make this knowledge even more valuable. For example, in a more recent review of 20 years of past agglomeration research, McCann and Folta (2008) conclude that many interesting and important questions regarding agglomeration still remain unanswered. Further, the rapid advancement of communication technology has led to question the importance of geographical proximity.

One important question that has been neglected in extant agglomeration research is how agglomeration benefits might attenuate over geographic distance. Specifically, does geographical proximity with the supplier and competitor clusters help the focal firm? Where, proximity of competitor and supplier clusters is defined as the geographical distance between the focal firm and clusters of its competitors and suppliers. Recently though, some work has begun to investigate this issue (McCann & Folta 2008), it still needs far more attention. In the context of a firm’s collaboration clusters, we examine whether and how the effect of competitors and suppliers clusters on innovativeness changes with their distance from the firm’s location.

LITERATURE REVIEW

Importance of Geographical Proximity

The impact of geographical location of a firm on economic activities has always been important topic of
research in the fields of economics, marketing, and management. Specifically, disciplines such as, business strategy (Porter, 1990), economic geography (Martin & Sunley, 2003), and industrial districts (Oerlemans & Meeus, 2005) have shown lot of interest in this topic. Similarly, marketing researchers have also investigated the importance of location on several marketing-mix decisions like, distribution channel design, manufacturing investment and retail structure (Ganesan, Malter, & Rindfleisch 2005). More recently, research on location has focused on the idea that firms tend to concentrate near customer clusters (Bindroo, Mariadoss, & Pillai, 2011). The direct effect of cluster is partially due to common knowledge available to members of the cluster, which unknowingly transmits among them, or transmitted by social chance meetings that are catalyst by geographical proximity (Bell 2005). Businesses in close proximity with each other tend to gain advantages leading to better financial gains (Martin & Sunley, 2003).

Competitor and Supplier Clusters

Competitor clusters: Porter (1990) and his subsequent work has emphasized the role of competition in the cluster dynamics. Porter (1990) argued that spatial clustering acts as a catalyst in case of local rivalry resulting in higher innovativeness and competitive advantage of the region or the nation. Even though the importance of rivalry and competition has been widely accepted there have been very few empirical studies (Sakakibara & Porter 2001; King et al. 2003) done to validate it. Much of the empirical work in clustering literature tests cooperative behavior and knowledge spillovers. Using the data from the various industries from Japan, Sakakibara and Porter (2001) explore the influence of domestic competition on firm performance. The results make a supportive case of the fact that domestic rivalry has a positive and significant relationship with trade performance. This finding is stronger when R&D intensity leads to opportunities for dynamic improvement and innovation. From these findings, the authors infer that local competition leads to dynamic pressure for improvements leading to international competitiveness. In a study by King et al. (2003), authors investigated knowledge spillovers and externalities in the advertising-agency industry. They found competition, rather than specialization that enhanced industry growth rate within states.

Supplier clusters: Porter (1990) highlights the benefits to supplier location in clusters arguing that it run both ways. While suppliers gain from the huge industrial customer base in the nearby market, the industry which acts a customer base in the cluster gain from quick and easy availability of range of services. This interaction between buyers and suppliers will lead to quicker and more effective responses to technical problems or demand changes, helping all the firms in the cluster. There have been very few empirical studies in the cluster literature to validate the role of suppliers. Feser and Bergman (2000) in their study used input-output data to identify which industries buy from and sell to other industries. Klier (1999) examined the spatial structure of the auto supplier industry in US and how firms in different locations interact. The study found that 70 to 80% of supplier industries were located within a day’s drive of assembly line.

HYPOTHESES DEVELOPMENT

Proximity of Competitor and Supplier Clusters

Proximity of competitor and supplier clusters is defined as the geographical distance between the focal firm and clusters of its competitors and suppliers. That is, greater the distance between the focal firm and its competitors and suppliers, lower the proximity to these clusters. Our definition corresponds to Ellis’ (2007) conceptualization of distance to market. Proximity has been identified as an important locational characteristic of clusters. The underlying reason for close proximity is shown to be knowledge spillover, which occurs through formal and informal interactions among firms in close geographic distances (Audretsch & Stephan, 1996). Past research also emphasized proximity leads to close interactions (formal and informal) with the other members in local professional organizations and research institutes (Audretsch & Stephan, 1996).

Proximity and Innovation Speed

Similar to Bindroo et al. (2011), in this research innovation speed is defined as the time from the first formal discussion on the development of a new product to actual product development. Geographic proximity permits frequent face-to-face contact with key knowledge providers, including suppliers and competitors (Audretsch 1998). It also helps to build strong relationships with these knowledge providers (Ganesan et al., 2005). Repeated interaction catalysed by close geographic proximity helps build trust, which is usually established through informal business and organizational interactions (Ganesan et al., 2005). Jaffe and Henderson (1993) found that due to higher knowledge spillover in the close geographical proximity, the geographic location of patent citations and that of the cited patents are often same.

Geographic proximity to the competitor makes firm more vigilant about their activities. Proximity to the competition accelerates imitation and improvement of new product development. This puts additional pressure on the firm to speed up its new product development.
development efforts. Further, close proximity to the competitor cluster creates an environment which acts as a catalyst for healthy rivalry among the competing firms (Porter 1990). The obsession to be better than the competing firm motivates firms to continue to innovate. Thus, we formally state:

**H1**: The closer the different clusters of a focal firm’s competitors, the faster is innovation speed.

In past the relationship with suppliers was seen more of short-term contracts; however, in the recent times, close supplier-manufacturer relationship has been attributed to success of the firm innovative output (Helper & Sako, 1995). Supplier’s involvement in the development of new product has become more and more important (Helper & Sako, 1995) and in some cases, they are responsible for design and quality of product development (Geffen & Rothenberg 2000). One of the biggest challenges in incorporating the supplier in new product development is resistance to sharing the proprietary information (Ragatz et al., 1997). Close geographical proximity with the supplier clusters help firm to keep closer watch on the suppliers and additionally helps developing trust (Ganesan et al., 2005). Thus, we formally state

**H2**: The closer the different clusters of a focal firm’s suppliers, the faster is innovation speed.

**METHODOLOGY**

To test our model we used the secondary data which was obtained from Economic and Social Research Council (ESRC). This data is drawn from the U.K. innovation survey implemented by the Economic and Social Research Council (ESRC). The sample for this study was drawn from a composite sample frame of innovative European firms winning innovation awards. Such data collection setting provides ideal context for testing our conceptual model. Since the main focus of this study is on the factors supporting similarly innovative firms in comparable urban environments, an analysis of the external support profiles of a sample of innovative firms is justified. Together, the dataset contain sample size of 230 firms with recent product innovations.

**Operationalization of Variables**

**Dependent variables.** Similar to Bindroo et al. (2011), speed-to-market of the innovation was measured using a reverse coded item that asked the respondent about the length of time taken to develop their innovation from the initial decision to commit resources for its development. On the measurement scale 1 to 6, 1 represented less than one year, 2 represented between one to two years, 3 represented value of two to three years, 4 represented the value of three to five years, 5 represented between five to ten years, and 6 represents more than 10 years.

**Independent variables.** Supplier clusters proximity was derived from an item with battery of choices that asked respondents to specify the percentage of suppliers located in different regions. The choice of regions provided were 1 = within city, 2 = outside city but within county, 3 = outside country but within same region, 4 = outside region but within country, 5 = outside country but within European Union, 6 = North America, 7 = Japan, 8 = Far East (excluding Japan), 9 = Australasia, 10 = other. In deriving the index for supplier clusters proximity, we adopted a (Haunschild & Sullivan 2002) straight discounting method for allocating weightage to each region. The geographically farther off the supplier clusters was from the focal firm, the higher discounting value was assigned to the survey response values. Competitor clusters proximity was also derived in the identical manner from an item with battery of choices that asked respondents to specify the percentage of competitors located in different regions.

**Control variables.** Variables such as firm size, and perceived obsolescence of the innovation were also measured to be used as control variables. Firm size was measured from the number of employees of the firm. Perceived obsolescence of the innovation was measured using a reverse coded item asking for the expected life span of the innovation. In addition to these two control variables, we created four dummy variables to account for the five different countries of data collection and additional eight dummy variables to account for industry control.

**Model Estimation.** Mixed effect model was used to test the study hypotheses. Through mixed models one can specify both random effects and fixed effects to extract multiple sources of variation. One of the important characteristics of these mixed effect models is the inclusion of respondent-specific effects into regression model in order to accommodate the within subject correlated responses (Bindroo et al., 2011). Since our data was collected from five different cities, responses may be more similar for firms within the same city than across firms from different cities. We controlled for the positive correlations that may arise from country-specific characteristics by modelling cities as random effects (Bindroo et al., 2011). These models were estimated using the SAS Mixed procedure.
We first checked for potential collinearity in the data using bivariate correlations on the uncentered data. The highest bivariate correlations among the explanatory variables were .30, which indicates no collinearity problems. Table 1 provides the correlation matrix of the variables.

**Table 1: Correlation Matrix of Variables**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>S.D</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Speed to Market</td>
<td>4.03</td>
<td>1.25</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Supplier Cluster Proximity</td>
<td>0.61</td>
<td>0.34</td>
<td>0.22</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Competitor Cluster Proximity</td>
<td>0.55</td>
<td>0.25</td>
<td>0.24</td>
<td>0.21</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Obsolescence</td>
<td>2.26</td>
<td>1.17</td>
<td>0.30</td>
<td>0.05</td>
<td>0.17</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>5. Firm Size</td>
<td>2.72</td>
<td>2.13</td>
<td>0.10</td>
<td>0.12</td>
<td>0.15</td>
<td>0.03</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Consistent with our hypothesis, the main effect of competitor cluster proximity on speed to market was positive and significant (b = 0.8976; t = 2.64, p < .01). This confirms the importance of being geographically closer to competitor clusters for improving the speed to market the innovation (H1). The second hypothesis which proposed that the closer the focal firm is to the supplier clusters, the faster will be the firm’s speed-to-market for its innovations (H2), was also found significant (b = 0.76; t = 3.03, p < .01). Among the two control variables in this model, perceived obsolescence of the innovation (b = 0.27; t = 3.80, p < .01), was significant. This result indicates that the speed-to-market is faster for the products which are perceived to become obsolete at a higher rate. None of the other control variables was significant.

**GENERAL DISCUSSION**

To our knowledge, this is the first study to empirically test the impact of both competitor and supplier clusters proximity on the firm innovation. The main focus of this study is to show that geographical location of a firm’s competitors and suppliers will have an impact on development of marketing capabilities of a firm. The findings of the study provide substantial support for the proposed conceptual framework. Both of our hypotheses were supported. As predicted, the proximity of competitor and supplier clusters influences the innovation’s speed-to-market. These results are in line with the past empirical evidence in support of importance of distance and location in agglomerations as linked to innovation (Baptista & Swann 1998). Through this study, we have built on the stream of research on geographical proximity; specifically, we try to isolate the impact of competitors and suppliers agglomerates from the traditional conceptualization of clusters. Our results show that even in this current technological age the geographical proximity to your competitors and suppliers matter to the firm’s innovative outcome.

Our research has managerial implications. More and more companies are developing new products with the significant input from their suppliers (Ragatz, Handfield, & Scannell 2003). While, the suppliers gain from the customer base in the nearby market, the firm which acts a customer base gains from quick and easy availability of range of services (Porter 1990). Further, getting the new product quickly out in the market has become very important in today’s highly competitive world (Ragatz, Handfield, & Scannell 2003). The findings from our research suggest that firms need to have their suppliers geographically closer in order to increase the speed of new product development. This

**Table 2: Parameter Estimates From The Mixed Effects Model**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Beta Estimate</th>
<th>Standard Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>2.33**</td>
<td>0.50</td>
</tr>
<tr>
<td>Supplier Cluster Proximity</td>
<td>0.76**</td>
<td>0.25</td>
</tr>
<tr>
<td>Competitor cluster Proximity</td>
<td>0.89**</td>
<td>0.34</td>
</tr>
<tr>
<td>Obsolescence</td>
<td>0.27**</td>
<td>0.07</td>
</tr>
<tr>
<td>Firm Size</td>
<td>0.02</td>
<td>0.04</td>
</tr>
<tr>
<td>Industry Dummy 1</td>
<td>0.04</td>
<td>0.48</td>
</tr>
<tr>
<td>Industry Dummy 2</td>
<td>-0.09</td>
<td>0.44</td>
</tr>
<tr>
<td>Industry Dummy 3</td>
<td>-0.01</td>
<td>0.37</td>
</tr>
<tr>
<td>Industry Dummy 4</td>
<td>0.20</td>
<td>0.50</td>
</tr>
<tr>
<td>Industry Dummy 5</td>
<td>0.15</td>
<td>0.49</td>
</tr>
<tr>
<td>Industry Dummy 6</td>
<td>-0.24</td>
<td>0.44</td>
</tr>
<tr>
<td>Industry Dummy 7</td>
<td>0.20</td>
<td>0.52</td>
</tr>
<tr>
<td>Industry Dummy 8</td>
<td>-0.45</td>
<td>0.48</td>
</tr>
<tr>
<td>-2 Log Likelihood</td>
<td>704.3</td>
<td></td>
</tr>
<tr>
<td>AIC</td>
<td>708.4</td>
<td></td>
</tr>
<tr>
<td>BIC</td>
<td>707.5</td>
<td></td>
</tr>
</tbody>
</table>

*p < .10. **p < .05. ***p < .01.
Notes: Country dummies are included as class variables in the model.
will help them gain competitive advantage in the industry. Our findings also confirm the theory of local rivalry results in higher innovativeness (Porter 1990). Specifically, the results in this paper indicate those firms geographically closer to the competitive cluster are able to improve the speeding time to market new products.

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EXPLORING THE IMPACT OF SOCIAL NETWORKING SITES ON BRAND EQUITY

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Kittichai Tu Watchravesringkan, University of North Carolina at Greensboro

ABSTRACT

The growth of social media platforms amongst consumers and industry is a world-wide phenomenon, reaching over 1 billion users worldwide and grossing over $5.2 billion in advertising revenue. However, marketers and academics have neglected to fully investigate the influence a brand’s SNS participation has on brand equity. Drawing from the theory of uses and gratification the purpose of this study was to examine how a brand’s SNS use of a brand page influences brand equity. The results from structural equation modeling provided insight into how consumers’ motivations, attitude towards SNS, attitude toward a brand’s SNS brand page influences brand equity.

INTRODUCTION

The rapid growth and adoption of social media among consumers and marketers is a global phenomenon (Nielsen, 2012). In particular, it has been projected that two-thirds of marketers have planned to increase their current use of social media in 2013 (Leonard, 2013). The most widely adopted social media format among consumers and marketers are social networking sites (SNSs) (Leonard, 2013; Nielsen, 2012). SNSs are digitally networked spaces that fosters communicate between members within a semi-public virtual platform (boyes & Ellison, 2008). Dissimilar to traditional media, SNSs allow marketers to engage socially with consumers in a direct and cost effective way to further develop relationships between consumers and retail brands, and in some cases brand communities. As a result, marketers’ use of SNSs, in particular SNS brand page are considered an essential element of a brand’s marketing portfolio (Nielsen, 2012). A brand page, also known as a fan page, provides SNS subscribers with information about a brand as well as they serve as a tool for fostering interaction between a brand and its consumers.

Despite consumers and marketers rapid adoption of SNSs, major gaps still exist in academic literature, and much remains unknown about how a brand’s use of SNSs by the way of brand page has on a brand’s equity. Moreover, fewer studies have examined consumers’ motivation and use of SNS’s brand page within the brand equity context (Kim & Ko, 2011; Sung, Kim, & Kwon, 2010). This research gap needs to be addressed because brand equity is an invaluable asset that is ascribed to a brand by its consumer satisfaction with the brand, which is shaped by their experiences and perceptions about the brand (Aaker, 1996). Although the way a consumer engages with a brand’s SNS brand page does not involve the consumption of a product, this interaction results in consumer brand experiences, which may influence a consumer’s perception towards the value of a brand, and ultimately affect brand equity (Buil, Chernatony, & Martínez, 2008). As such, the purpose of this study was to provide a better understanding of influencing factors of the equity of the brands that advertised via SNSs. Specifically, the objectives of the study is to 1) examine the relationships between consumers’ motivation and their attitudes toward SNSs; 2) investigate the relationship between consumers’ attitudes toward SNSs and their attitudes toward a brand page; and 3) examine the relationship between consumers’ attitudes toward a brand page and brand equity.

THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT

Uses and Gratifications Theory

The theory of uses and gratifications is a communication perspective that has been used in a myriad of fields to examine the social and psychological motivations that drive media users’ media selections (Reinhard & Dervin, 2009). This theory asserts that media users are active participants and select media to fulfill social and/or psychological gratification-based goals. Furthermore, it is suggested that all media satisfy a set of broader motivations (entertainment, information, social integration/interaction). However, literature focusing on SNS motivations has failed to investigate this broader motivational set (Taylor, Lewin, & Strutton 2011; Vrocharidou & Efthymiou, 2012). Since SNSs are more interactive and social in nature as compared to
traditional forms of media such as television, it is important to determine whether these broader motivations are also relevant to SNSs. Thus, this study investigated how this broader set of social and psychological motivations affect consumers’ attitudes toward a brand SNS page, and ultimately brand equity.

Aaker’s Dimensions of Brand Equity

This study applies Aaker’s (1996) consumer-based brand equity perspective, which defines as “a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers” (p.15). Brand equity is a multidimensional construct consisting of five dimensions: brand loyalty, perceived quality, brand awareness, brand association, and other proprietary assets. However, previous studies often exclude the measure of proprietary assets, as the majority of consumers are not aware of a brand’s other proprietary assets (Buil et al., 2008). As a result, this study has adopted the brand equity dimensions of brand loyalty, perceived quality, brand awareness, and brand associations.

Development of Hypotheses 1: SNS Consumers’ Motivations and Attitude toward SNSs

While the theory of uses and gratifications asserts that media users are in control of their media selection, the ability or inability for their media selections to satisfy these goals affects their attitude toward the selected media (Katz et al., 1974). For example, Papacharissi and Rubin’s (2000) internet motivation study revealed that the motivation of entertainment directly influenced consumers' attitude towards the Internet. A review of SNSs motivation studies has revealed that a relationship may also share between consumers motivations and attitudes toward SNSs (Muntinga, Moorman, & Smit, 2011; Taylor et al., 2011; Vrocharidou & Efthymiou, 2012). While research has yet to examine this topic within the context of SNS brand page, it is expected that SNSs consumers’ motivations may influence their attitude towards SNSs. Therefore,

H1: SNSs consumers’ motivations will influence their attitudes toward SNSs.

Development of Hypothesis 2: Attitudes toward SNSs and Attitude toward a Brand Page

The hierarchy of effects asserts that the communication process influences consumers’ attitudes toward and the purchase of a retail brand’s product offerings. It is further posited that a brand’s product offerings, media selection, and message further influence this process (Lavidge & Steiner, 1961). Based on this logic, it is suggested that a consumer’s attitude towards a brand’s media channel influences their attitude toward a brand’s media use. For example, Ko, Cho, and Roberts (2005) study related to print and web media revealed that consumers’ attitude toward a brand’s advertisement medium and message influenced their attitude towards the brand. Within SNSs research context, this has not been directly studied, however, Cha’s (2009) SNSs shopping study has revealed that consumers’ attitudes toward making purchases on SNSs affect their attitudes towards these SNSs. Based on previous research, it is proposed that consumers’ attitudes toward SNSs will influence their attitude toward a retail brand SNS page. Therefore, H2: SNSs consumer’s attitudes toward SNS will influence their attitude toward a brand page.

Development of Hypothesis 3: Attitude toward a Brand Page and Perceived Brand Equity

As previously discussed, a brand’s equity is tied to the value consumers ascribe to a brand, which is shaped by a myriad of factors, including consumers interactions with a brand’s marketing communications, such as a SNS brand page (Buil et al., 2008). Moreover, a review of brand equity and media literature revealed that consumers’ attitudes toward a brand’s advertisement influence brand equity (perceived quality, brand awareness, and brand associations) (Buil et al., 2008). Particular to the SNSs context, Kim and Ko’s (2011) study of luxury brand’s social media found that social media usage influences brand equity. Therefore, H3: SNSs consumers’ attitudes toward a brand page will influence their perceived brand equity.

METHODOLOGY

Participants and Data Collection

To examine the research model, a self-administered survey was conducted using a non-probability sample of college-aged students in a mid-sized Southeastern university. Students were deemed appropriate sample because they tend to be homogeneous in nature, which is desirable for theory testing (Vishwanath, 2005). Since this study was centered around SNSs consumers, only those who indicated that they participated in any SNS (e.g., Facebook, Twitter) and an apparel’s brand page (e.g., American Apparel, Express) were included in the
study. As a result, 137 responses were deleted, leaving 172 usable responses. The sample was predominately female (89%) with an average age of 20, and most participants (92%) reported a monthly gross income of $1,500 or less.

**Questionnaire and Measures**

Items used to operationalize the constructs in the study were adapted from previous studies. Consumers’ motivation to participate in SNSs was measured with an 11-item scale adapted from Papacharissi and Rubin (2000). A 4-item scale assessing consumers’ attitudes toward the SNS was adapted from Ko et al. (2005). Consumers’ attitudes toward a brand page were captured using Crosno, Freling, and Skinner’s (2009) 4-item scale. Brand equity scale (15 items) were adapted from Aaker’s (1996) study. Consumers’ motivation to participate in SNSs and brand equity items were measured using a 7-point Likert-type scale (1 = strongly disagree to 7 = strongly agree). Consumers’ attitudes toward a SNS and attitudes toward a brand’s SNS page were captured with a 7-point semantic differential scales. Demographic information was also collected such as gender, age, and monthly gross income.

**RESULTS**

**Exploratory Factor Analysis**

Exploratory factor analysis with varimax rotation was first performed on each multiple-item scale, including consumers’ motivation to participate in SNS and consumer-based brand equity. A minimum eigenvalue of 1.0 per factor was used as the criterion for extracting factors. In addition, a factor reduction process was performed to eliminate the items with small factor loadings (< 0.40) and sizable cross-loadings on more than one factor. For consumers’ motivation to participate in SNS, results revealed three underlying factors that explained 72.80% of the total variance. Factor 1, entertainment motivation, explained 41.212% of variance and consisted of three items with an eigenvalue of 4.53 and Cronbach’s α of .88. Factor 2, information motivation, explained 19.45% of variance and consisted of three items with an eigenvalue of 2.14 and Cronbach’s α of .82. Factor 3, social integration/interaction motivation, explained 12.13% of variance and consisted of five items with an eigenvalue of 1.34 and Cronbach’s α of .86. For consumer-based brand equity, results revealed three underlying factors that explained 70% of the total variance. Factor 1, brand awareness, explained 14% of variance and consisted of five items with an eigenvalue of 1.8 and Cronbach’s α of .83. Factor 2, perceived quality, explained 43% of variance and consisted of four items with an eigenvalue of 5.67 and Cronbach’s α of .93. Factor 3, brand loyalty, explained 12.3% of variance and consisted of four items with an eigenvalue of 1.6 and Cronbach’s α of .75.

**Measurement Model**

Pursuant to Anderson and Gerbing’s (1988) recommendation, the two-step approach was performed to avoid confusion when interpreting from a one-step approach. A confirmatory factor analysis (CFA) was conducted using maximum likelihood estimation in LISREL 8.8 to confirm unidimensionality, discriminant and convergent validity, and examine the goodness-of-fit of the measurement model consisting of eight 31-item latent variables. CFA results revealed that the measurement model fit the data reasonably well, i.e., $\chi^2$ (406) = 670.47, $p < .001$, $\chi^2$/df = 1.65, CFI = .95, RMSEA = .062, IFI = .95, and TLI = .95. CFA was used to further assess the psychometric properties of the measures (e.g., validity and reliability). Table 1 reveals that the average variance extracted (AVE) for all latent construct demonstrated acceptable convergent validity, exceeding the .50 threshold (Fornell & Larcker, 1981). Discriminant validity among constructs was also assessed by examining whether the square correlation between two constructs was lower than the average variance extracted for each construct (Fornell & Larcker, 1981). Results demonstrated that these conditions were met, and thus the constructs examined in the study were distinct from each other, confirming discriminant validity. Table 1 also showed that composite reliability estimates for all constructs were higher above the accepted .70 threshold (Nunnally & Bernstein, 1994). Thus, it is concluded that the measurement model meets all requirements concerning psychometric properties.

**Structural Equation Model (SEM) and Test of Hypotheses**

Structural equation modeling was performed to test the conceptual model and proposed hypotheses. According to SEM results, the chi-square value for the conceptual model was $\chi^2$ = 632.42, df = 418, $p < .001$, a $\chi^2$/df = 1.51, CFI = .96, RMSEA = .055, IFI = .96, and TLI = .95, suggesting that the hypothesized structural relationships fit the data satisfactorily.

Each proposed relationship was examined based on path significance. Hypothesis 1 proposed that consumers’ motivation to participate in SNS would have significant effect on their attitudes toward the SNSs. Results showed that while consumers’ motivation to participate in SNS related to entertainment and information had a significant,
positive effect on their attitudes toward the SNSs ($\gamma_{11} = .67, t = 7.89, p < .001$; $\gamma_{12} = .30, t = 2.85, p < .01$; respectively), the social integration/interaction motivation to participate in SNSs had a significant, negative effect on attitudes toward the SNS ($\gamma_{13} = -.22, t = -2.20, p < .05$). That is, while consumers who participate in SNS due to entertainment and information motives were likely to display favorable attitudes toward the SNS, those who participate in SNS with social integration/interaction motive were less likely to display favorable attitudes toward the SNS. Thus, H1 was supported. Hypothesis 2 posited that consumers’ attitudes toward the SNSs would have significant effect on their attitudes toward the brand page. Results revealed that the path to attitudes toward the brand’s page from attitudes toward the SNSs was positive ($\beta_{31} = .34, t = 4.12, p < .001$). Those with favorable attitudes toward the SNS were likely to exhibit positive attitudes toward the brand’s page. Thus, H2 was also supported. Hypothesis 3 predicted that consumers’ attitudes toward the brand page would have significant effect on brand equity. Results revealed that consumers’ attitudes toward the brand page had a significant, positive effect on brand awareness, perceived brand quality, and brand loyalty (i.e., $\beta_{32} = .58, t = 6.54, p < .001; \beta_{33} = .53, t = 6.68, p < .001; \beta_{34} = .32, t = 3.46, p < .001$, respectively). That is, consumers who like an apparel brand page on SNS were likely to recall and recognize the brand, to perceive the brand to possess high quality, and to display strong tendency to purchase the brand. Hence, H3 was supported.

**DISCUSSION AND CONCLUSIONS**

This study applied the theory of uses and gratifications to explore how SNS consumers’ motivations and attitudes toward SNS brand page affect brand equity. Results from this study revealed consumers motivated to use SNS for entertainment and information purposes held positive attitude towards their preferred SNS. In contrast, SNS consumers motivated by social integration/interaction needs held a negative attitude towards their preferred SNS, suggesting that SNS does not fully satisfy consumers’ needs to foster social and emotional relationships. Results support that a direct relationship exists between consumers’ attitude toward a SNS and brand’s SNS page. Lastly, this study confirms that consumers’ attitude toward a brand’s SNS page influences brand equity, as such, consumers that favor a brand’s SNS page will positively influence brand equity.

**IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH DIRECTIONS**

This one of the few studies that explores how a brand’s participation in SNSs influences a brand’s long term value, as such findings from this study contribute to the theoretical understanding of SNS motivations and brand equity. First, this study reinforces the importance of media selection, proving media selection influences attitudes formed toward a brand. Second, this study contributes to the theory of uses and gratification, supporting previous SNS motivation findings, adding depth to the current understanding of SNS motivations. Third, this study proves a direct relationship exist between brands’ SNS participation and brand equity.

Findings from this study can aid marketers in their SNS marketing plans, as this study proves the importance of a SNS brand page. Following this finding it is suggested that brands without a SNS presence should begin to integrate a SNS brand page into their marketing portfolios. During the selection and development of a SNS brand page marketers should examine a SNS ability to fulfill consumers SNS motivations. When crafting a brand page marketers should ensure that they are creating entertaining and informative pages. Marketers should also keep in mind that the ability to form new consumer-brand relationships maybe limited to the maintenance of existing consumer-brand relationships.

There were limitations to this study that must be noted when interpreting results, as it uses a student population and Facebook was the most dominate SNS identified by participants. In turn, future studies should examine diverse populations and investigate SNS platforms separately to determine their individual influence on a brand’s equity. Moreover, recent research has revealed that consumers personality characteristics are indicative of their social media use (Rauschnabel, Mau, & Ivens, 2013), moving forward researchers should explore how these populations social media use influences their long-term perceptions of retail brands.

**REFERENCES**


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THE INTERSECTION OF SOCIAL SHOPPING AND CONSUMPTION COMMUNITIES

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EXTENDED ABSTRACT

Interest in issues that relate to shopper marketing, the elements of shopping that shape consumer perceptions of the shopping experience, continues to grow. One issue among these is social shopping, which entails group-shopping activities. While the study of social shopping is fairly new, consumption communities as a phenomenon is an area that has been well studied over the last decade, providing ideas related to cooperation and information-sharing activities related to consumers.

This paper applies some of the lessons learned from the study of consumption communities to the area of social shopping to enhance our overall understanding of social shopping and offers insights into (1) the overlap in the function of consumption communities and social shopping, (2) how consumption communities could be supported by social shopping, and (3) ideas related to how social shopping might be developed to support consumption communities.

This work suggests that, as social shopping is a social behavior that has similarities to consumption communities, it is likely that social norms will need to be considered by companies as they take action to interact with social shoppers. Additionally, it is recommended that marketers should explore opportunities to enhance the benefits that consumers seek when they shop socially and create communities.

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ABSTRACT

This study empirically examined difference in the cognitive dissonance resolution behavior of US and Indian consumers. Results indicate that Indian consumers are more cautious and risk-averse in their approach to purchases than US consumers. US consumers demonstrate a higher level of individualistic thinking and are more confident of their choices while Indian consumers have more collectivistic thinking and want peer approval of their choices. US consumers came out to be more aggressive in their post purchase dissonance reducing behavior while Indian consumers appeared to be more willing to compromise with a bad purchase.

KEY TERMS: Cognitive Dissonance, Post Purchase Dissonance Reducing Behavior, USA And India Samples

INTRODUCTION

USA and India are two of the largest consumer markets in the world. All the major companies of the world have their presence in the US since a long time while India has been a relatively new market for most of them. India embarked on the path of liberalization and globalization only in 1991 and still is considered as an emerging market. Most of the contemporary practices and thoughts have originated from the US based on the research and understanding of US consumers. Many MNCs tried to replicate those practices in India and found, to their dismay, that the consumer behavior of Indians was markedly different from consumers in USA. They learnt the lesson the hard way. The purpose of this study was to come to a better understanding of why consumers feel remorse or regret after making a purchase (cognitive dissonance) and to find if there is any difference in the cognitive dissonance behavior of US and Indian consumers. We wanted to understand the levels of remorse consumers feel after making different purchases because a better understanding of the reasoning behind returning a product will ultimately assist companies with how they market their product and facilitate with pricing plans in both of these markets. We studied many variables in hopes of better understanding when and why consumers feel a sense of regret. The questions on our survey were designed to gain insight as to what the "average" customer feels after making a purchase decision and how they cope with making bad purchases. Our sample included respondents of different demographics in both the countries so we could obtain unbiased results from many different respondents; due to the large respondent pool (145 in USA and 114 in India) and a good representation from different demographics; we feel that our results are generalizable to population of both the countries.

The questions that were searched related to consumers and allowed us to measure their level of regret associated with different purchases. Through our research we were able to understand if remorse after buying a big ticket item (high involvement purchase) was larger than the regret associated with purchasing a smaller ticket item (low involvement purchase). By analyzing the data we came to a better understanding of buyer's remorse and the way consumers feel after their decision to make a purchase. The study helped us to understand in which variables there were significant differences between the US and Indian consumers and in which variables their perceptions / actions were similar.

LITERATURE REVIEW

We conducted a literature review of the secondary information we thought would be most beneficial and would give us a better insight into our research problem. The literature review was very helpful in giving us background research, clarifying what exactly we should be focusing on in our study, and also led us to find questions for our scales as well.

The cognitive dissonance theory, propounded by Festinger (1957), maintains that individuals enhance their opinions of decisions after they have made them. Later on researchers started looking at cognitive dissonance through the prism of the involvement of the consumer in the purchase: high or low. Gbadamosi (2009) suggests that three main conditions exist for arousal of dissonance in purchases: the decision...
involved in the purchase must be important, such as, involvement of a lot of money or psychological cost and be personally relevant to the consumer; the consumer has a freedom in selecting among the alternatives, finally; the decision involvement must be irreversible. For a typical purchase, the degree of cognitive dissonance felt by more involved purchasers is less than that felt by less involved purchasers. More planned and less spontaneous buying behavior is associated with a higher degree of cognitive dissonance (George and Edwards, 2009). This provided us the understanding to capture the variables influencing cognitive dissonance in both the high involvement and low involvement purchase decisions.

Cummings and Venkatesan (1975) concluded that pre-decisional determinants and post-decisional determinants support the dissonance-based predictions while information seeking behavior does not. A study by Powers and Jack (2013) examined the influence of two forms of cognitive dissonance (emotional dissonance and product dissonance) on the frequency of product returns. The third part of our research, to assess dissonance reducing behavior emerged from such literature. One of our main pieces of research we used to develop our scales was from previous research conducted by Adam Duhachek. In his report he outlined findings relating to how people cope with stress and negative emotions. He found that people cope with these emotions in different ways whether it is through the consolation or reassurance of others or the desire and need to fix the problem and look for solutions. The scale he used to collect this data was very useful to us in that we could tweak the variables to better suit our own research question regarding buyer's remorse. For example, in his scale one of his variables addressed if the respondent "tries to make a plan of action "when confronted with a negative situation. We found this variable to be suiting to our research topic but in order to make it more relevant to buyer's remorse we changed it to "try to make a plan of action to return the product".

There was also an attempt by us to study the literature where comparative analysis of Indian and US consumers were done. There are very few such studies though there are many papers which have done such study in the context of US and Asian customers. Two studies (Nisbett et al. 2001 and Miyamoto et al. 2006) concluded that cross-cultural psychology describes cultural differences in style of thinking, with Asian societies characterized by holistic thinking and Western societies characterized by analytic thinking. Holistic thinking involves an orientation to the context or filed as a whole, where as analytic thinking involves a detachment of the object from its context and a focus on attributes of the subject (Monga et al. 2006).

From the literature review, not only did we get the inputs for our variables and scales, we also arrived at the following research questions:

1: Are there significant difference between the factors leading to cognitive dissonance between US and Indian consumers?
2: Are the US and Indian consumers significantly different in their risk assessment and risk attitudes during their purchase decisions? Does the level of involvement in purchase decision significantly alter the risk attitudes?
3: Do US and Indian consumers significantly differ in post purchase dissonance reducing behavior?

RESEARCH DESIGN AND SAMPLING

The research design we used consisted of mainly descriptive and some exploratory data. The exploratory research gave us qualitative data which allowed us to further analyze the research topic and come to a better understanding of how our respondents are thinking. The exploratory research helped us to fine tune the quantitative questions for the descriptive research. The descriptive research data allowed us to come to conclusions from our findings. To gain this type of data we used a seven point scale where people could relate themselves to specific variables with 1 being never and 7 being always. Our survey was sent out to approximately 300 respondents, 259 completed responses were used for the empirical analyses (USA: 145 and India: 114) yielding an 86.33 incidence rate.

SCALES AND VALIDATION

Our scale, which tested the amount of overall remorse, was taken from a previous research study by Adam Duhachek (2005). These scales measured how consumers carry on and cope with their negative and stressful emotions. We modified Duhachek (2005) scale to better suit our own research study by making the variables relate to how consumers deal with making a purchase they regret. Other scales that were used in our research survey had variables that we created ourselves to measure the amount of buyer's remorse present in big ticket items compared to smaller purchases. We did this by creating one set of questions for both types of purchases. We believe this is a valid approach because this allowed us to compare results and measure the remorse level for each type of purchase. We also further questioned the level of remorse in relation to these purchases by finding out from the respondent how often they purchase and return products of each type.

Scale reliability was checked and results indicated that the scale for variables influencing cognitive dissonance in high involvement purchases is a
thirteen-item scale with good psychometric properties (Cronbach’s Alpha 0.705). The analogous 13-item scale used for low involvement purchase had a Cronbach’s Alpha of 0.775. The scale of variables measuring buyer’s remorse had a Cronbach’s Alpha value of 0.791 (10-item scale). In all the three scales, the Cronbach’s Alpha was much higher than 0.60 which is the generally accepted level for reliability.

**SURVEY DESIGN**

An on-line data collection program was used to collect data from both USA and India samples. A convenience based random sample was generated using snowballing technique to garner larger number of responses. Several rounds of pretesting helped us fine-tune the survey for content and flow. Resultant survey was seen as being easy to navigate and complete between 5 and 7 minutes. The format of the survey consisted of a set of questions on a scale regarding "big ticket items", then another page of questions involving "smaller purchases", leading to a third scale which measured the amount of general and overall buyer’s remorse and coping mechanisms, and finally a section obtained demographics of the respondent.

**SAMPLE PROFILE**

We received 145 completed and usable responses from USA and 114 completed and usable responses from India. This is just about enough critical mass to enable the analysis and generalization of the results. Table 1 provides a summary of the sample profile.

*Summary of findings from the sample profiles:*

1. The sample was heavily skewed towards females in USA and towards males in India.
2. The sample includes more respondents in the age group of 18-29 years. This skewness is more in case of Indian sample. This is an outcome of online data collection method where most of the respondents were students.
3. The sample includes largely current college students in USA and graduates / post graduates in India. This is also an outcome of the main source of respondents in both these countries.
4. Almost 100% of the respondents belong to Caucasian race in USA and to Asian race in India. This is along expected lines.
5. Class year - No response from Indian respondents because the terms freshman, sophomore etc. are completely alien to them. The USA sample data depicts that majority of the respondents are either from junior or senior class year.
6. Annual Household income (HHI) - There is again no response from Indian respondents for this question. It can be attributed to their reluctance in sharing this data. However considering that the data has been collected online, all of them have access to computers / internet and they can safely be assumed to be part of Indian middle / upper class. The respondents from USA mostly belong to upper and upper middle class.

Thus the overall respondents in both the countries are relatively younger in age, well educated and from the consuming class. According to us, the sample adequately represents the customers who engage in big ticket purchases.

**DATA ANALYSIS AND FINDINGS**

First part of the survey was related to understanding cognitive dissonance behavior in the case of high involvement purchases. The data was subjected to independent samples t-test to test the null hypotheses that there is no significant difference between US and Indian consumers in respect of variables influencing cognitive dissonance in the case of high involvement purchase situations. The p values of the t-test corresponding to the correct row of the Levene’s F-test result were picked up (corresponding to whether the Null hypotheses of Levene’ test that the two samples have equal variances was accepted or not accepted). The findings can be seen below in Table 2.

According to this study out of 13 parameters, there are significant differences (at varying level of confidence) in 7 parameters between US and Indian consumers while involved in big ticket purchase. The parameters where there is very high level of significant difference (at 99% confidence level) are – making big ticket purchases only when they are absolutely needed, consulting family / friends before making expensive purchase, trusting the brand names, figuring out the finances before making expensive purchase, and feeling upset if people do not compliment on the purchase. We can see a significant difference (at 95% confidence level) in the response for making purchases even when the customer could not afford them. Further, at 90% confidence level, there is a significant difference in making sure that receipt is kept in a safe place. The higher mean response from Indian customers in the case of the all of these parameters can be attributed to more risk-averse nature of Indian customers with regards to big ticket purchase. The Indian customers have less disposable incomes and big ticket purchases are more risky for them. Such purchases are more infrequent in India and people mitigate the risk by consulting family / friends or going for established brand names. The parameter of other’s appreciation towards the expensive purchase has come out as less important in both the countries; still the Indian response is significantly higher conveying a
**Table 1: Comparison between the sample profile of US and Indian respondents**

<table>
<thead>
<tr>
<th></th>
<th>USA</th>
<th></th>
<th>INDIA</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MALES</td>
<td>57</td>
<td>39.3%</td>
<td>82</td>
<td>71.9%</td>
</tr>
<tr>
<td>FEMALES</td>
<td>88</td>
<td>60.7%</td>
<td>32</td>
<td>28.1%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>145</td>
<td>100%</td>
<td>114</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-29 years old</td>
<td>90</td>
<td>62.1%</td>
<td>87</td>
<td>76.3%</td>
</tr>
<tr>
<td>30-49 years old</td>
<td>33</td>
<td>22.8%</td>
<td>18</td>
<td>15.8%</td>
</tr>
<tr>
<td>50-64 years old</td>
<td>18</td>
<td>12.4%</td>
<td>9</td>
<td>7.9%</td>
</tr>
<tr>
<td>65 years and older</td>
<td>4</td>
<td>2.8%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>145</td>
<td>100%</td>
<td>114</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Highest Level of education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Some high school</td>
<td>1</td>
<td>0.7%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>High school graduate</td>
<td>9</td>
<td>6.2%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Some college</td>
<td>15</td>
<td>10.3%</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Currently in college</td>
<td>69</td>
<td>47.6%</td>
<td>4</td>
<td>3.5%</td>
</tr>
<tr>
<td>College graduate</td>
<td>35</td>
<td>24.1%</td>
<td>59</td>
<td>51.8%</td>
</tr>
<tr>
<td>Post graduate degree</td>
<td>16</td>
<td>11%</td>
<td>51</td>
<td>44.7%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>145</td>
<td>100%</td>
<td>114</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Race</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Caucasian</td>
<td>138</td>
<td>95%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Asian</td>
<td>-</td>
<td>-</td>
<td>111</td>
<td>97.4%</td>
</tr>
<tr>
<td><strong>Class year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freshman</td>
<td>7</td>
<td>4.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sophomore</td>
<td>7</td>
<td>4.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Junior</td>
<td>15</td>
<td>10.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior</td>
<td>55</td>
<td>37.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>84</td>
<td>57.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Annual Household Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $10,000</td>
<td>16</td>
<td>11.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$10,001 - $25,000</td>
<td>8</td>
<td>5.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$25,001 - $50,000</td>
<td>15</td>
<td>10.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$50,001 - $75,000</td>
<td>27</td>
<td>18.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$70,001 - $100,000</td>
<td>26</td>
<td>17.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$101,000 +</td>
<td>53</td>
<td>36.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>145</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

higher need for social approval in India and a stronger individualistic behavior in USA. As far as the parameter of buying big ticket items even when it is not affordable, the responses in both the countries have tilted towards lower frequency of such occasions, the Indian response is significantly lower again reinforcing the first parameter that Indian customers are more conservative and more need driven than their US counterparts.

The parameters where there is no statistical difference in responses from the two countries are – consulting expert / performing market research before a big ticket purchase, having negative thoughts after the purchase, feeling excited after the purchase, feeling excited while planning the shopping trip, not caring how much was spent as long as the customer got good value, and regretting having spent money on that purchase. Interestingly the responses tended toward higher frequency on negative thoughts as well as sense of excitement in post purchase behavior.

The second part of the survey was related to understand cognitive dissonance behavior in the case of low involvement purchases. Again the data was subjected to independent samples t-test and the results can be seen in Table 3 below.

According to this study out of 13 parameters, there are significant differences (at varying level of confidence) in 6 parameters between US and Indian consumers while involved in low ticket purchase. The parameters where there is very high level of significant difference (at 99% confidence level) are consulting
Table 2: Comparative analysis of US and Indian consumers for high involvement purchases

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Independent samples t-test sig. (2-tailed)</th>
<th>Mean response from USA</th>
<th>Mean response from India</th>
</tr>
</thead>
<tbody>
<tr>
<td>When answering the following items please think of them in regards to</td>
<td>.000***</td>
<td>4.85</td>
<td>5.65</td>
</tr>
<tr>
<td>&quot;big ticket,&quot; or expensive purchases...-I only make these purchases</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>when I absolutely need to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to</td>
<td>.000***</td>
<td>4.68</td>
<td>5.80</td>
</tr>
<tr>
<td>&quot;big ticket,&quot; or expensive purchases...-I consult with family/friends</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>before making the purchase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to</td>
<td>.460</td>
<td>4.83</td>
<td>5.00</td>
</tr>
<tr>
<td>&quot;big ticket,&quot; or expensive purchases...-I consult with an expert/perform research before making the purchase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to</td>
<td>.085*</td>
<td>5.19</td>
<td>5.56</td>
</tr>
<tr>
<td>&quot;big ticket,&quot; or expensive purchases...-I make sure to keep the receipt</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in a safe place</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to</td>
<td>.222</td>
<td>4.19</td>
<td>4.45</td>
</tr>
<tr>
<td>&quot;big ticket,&quot; or expensive purchases...-I wonder if I chose the right</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>product after the purchase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to</td>
<td>.005***</td>
<td>4.79</td>
<td>5.30</td>
</tr>
<tr>
<td>&quot;big ticket,&quot; or expensive purchases...-I think brand name purchases are</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the best choice</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to</td>
<td>.129</td>
<td>5.51</td>
<td>5.75</td>
</tr>
<tr>
<td>&quot;big ticket,&quot; or expensive purchases...-I feel excited after making a</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>purchase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to</td>
<td>.216</td>
<td>4.55</td>
<td>4.82</td>
</tr>
<tr>
<td>&quot;big ticket,&quot; or expensive purchases...-I feel excited when I plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>shopping trips</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to</td>
<td>.010***</td>
<td>5.50</td>
<td>5.98</td>
</tr>
<tr>
<td>&quot;big ticket,&quot; or expensive purchases...-I figure out my finances before</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>making a purchase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to</td>
<td>.530</td>
<td>3.86</td>
<td>3.99</td>
</tr>
<tr>
<td>&quot;big ticket,&quot; or expensive purchases...-I don’t care how much I spent as</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>long as I will get good use out of the product</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to</td>
<td>.350</td>
<td>3.12</td>
<td>2.95</td>
</tr>
<tr>
<td>&quot;big ticket,&quot; or expensive purchases...-I later wish I had the money</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>instead of the product I recently purchased</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to</td>
<td>.001***</td>
<td>2.54</td>
<td>3.20</td>
</tr>
<tr>
<td>&quot;big ticket,&quot; or expensive purchases...-I feel upset if people do not</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>compliment me on my recent purchase</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to</td>
<td>.038**</td>
<td>2.43</td>
<td>2.04</td>
</tr>
<tr>
<td>&quot;big ticket,&quot; or expensive purchases...-I make purchases when I know I</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>can’t afford it</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note: * denotes p: 0.10 or lesser, ** denotes p: 0.05 or lesser, ***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>denotes p: 0.01 or lesser</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

family / friends before making small purchase, trusting the brand names, and feeling upset if people do not compliment on the purchase. The parameters having significant difference at 95% confidence level are making low value purchases only when they are absolutely needed, consulting expert / performing research before doing the low value purchase, and feeling excited after the purchase. The higher mean response from Indian customers in the case of the all of these parameters can again be attributed to more risk-averse nature of Indian customers with regards to even small purchase. The Indian customers have less disposable incomes and even small purchases are relatively more risky for them. Customers in India mitigate the risk by consulting family / friends, banking on experts / doing market research or going for established brand names. The Indian respondents giving high importance to purchasing even low involvement purchases only when they are truly needed may also mean a relatively less phenomena of impulse
### Table 3: Comparative analysis of US and Indian consumers for low involvement purchases

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Independent samples t-test sig. (2-tailed)</th>
<th>Mean response from USA</th>
<th>Mean response from India</th>
</tr>
</thead>
<tbody>
<tr>
<td>When answering the following items please think of them in regards to small purchases... - I only make these purchases when I absolutely need to</td>
<td>.016**</td>
<td>3.48</td>
<td>4.02</td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to small purchases... - I consult with family/friends before making the purchase</td>
<td>.000***</td>
<td>2.17</td>
<td>3.02</td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to small purchases... - I consult with an expert/perform research before making the purchase</td>
<td>.017**</td>
<td>2.30</td>
<td>2.77</td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to small purchases... - I make sure to keep the receipt in a safe place</td>
<td>.624</td>
<td>3.01</td>
<td>2.89</td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to small purchases... - I wonder if I chose the right product after the purchase</td>
<td>.298</td>
<td>2.94</td>
<td>3.17</td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to small purchases... - I think brand name purchases are the best choice</td>
<td>.000***</td>
<td>3.99</td>
<td>4.96</td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to small purchases... - I feel excited after making a purchase</td>
<td>.042**</td>
<td>3.84</td>
<td>4.26</td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to small purchases... - I feel excited when I plan shopping trips</td>
<td>.479</td>
<td>3.63</td>
<td>3.79</td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to small purchases... - I figure out my finances before making a purchase</td>
<td>.751</td>
<td>3.94</td>
<td>3.87</td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to small purchases... - I don’t care how much I spent as long as I will get good use out of the product</td>
<td>.105</td>
<td>3.65</td>
<td>4.01</td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to small purchases... - I later wish I had the money instead of the product I recently purchased</td>
<td>.110</td>
<td>2.97</td>
<td>2.66</td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to small purchases... - I feel upset if people do not compliment me on my recent purchase</td>
<td>.001***</td>
<td>1.88</td>
<td>2.45</td>
</tr>
<tr>
<td>When answering the following items please think of them in regards to small purchases... - I make purchases when I know I can’t afford it</td>
<td>.892</td>
<td>2.32</td>
<td>2.35</td>
</tr>
</tbody>
</table>

Note: * denotes p: 0.10 or lesser, ** denotes p: 0.05 or lesser, *** denotes p: 0.01 or lesser

Purchase behavior in India compared to the US. The feeling of excitement after making even a small purchase has come out to be significantly higher in India. Apart from basic necessities like food and grocery, any other purchase is seen as more of an indulgence in a country like India where the per capita income is much lower than the developed countries. Hence, any such purchase is a moment to celebrate and being excited on owning something. The parameter of other’s appreciation towards the non-expensive purchase has come out as of very low importance in both the countries; still the Indian response is significantly higher conveying a higher need for social approval in India and a stronger individualistic behavior in USA.

The parameters where there is no statistical difference in responses from the two countries, as regards to small purchases are keeping the receipt safely, having negative thoughts after the purchase, feeling excited while planning the shopping trip, figuring out the finances before making the purchase, not caring how much was spent as long as got good
value, regretting having spent money on that purchase and making such purchases even when they were not affordable. The responses for all of these parameters have tilted towards lower frequency which is understandable considering that these are in context of small purchases.

We then proceeded to understand the level of post purchase remorse and dissonance reducing behavior of customers in both the countries. This data was also subjected to independent samples t-test and the results can be seen in Table 4 below.

The parameters where there is very high significant difference (at 99% confidence level) in responses between the USA and Indian customers with regards to post purchase dissonance reducing behavior are – trying to return the product / get the refund, concentrate on the effort to keep the product, distract self to avoid thinking about it, try to make the best use of the situation, and refusing to believe that the regret even exists. The other parameters where significantly high difference (at 95% confidence level) between US and Indian responses are – try to look at the bright side of the purchase and try to focus on the positive aspects of the purchase. Moreover, in one parameter (pretend that the purchase never happened), there is a significant difference at 90% confidence level. The response from US customers on the first parameter is much higher than that from Indian customers which indicates that they are more confident and active in seeking a return / refund for a purchase which does not satisfy them. This is a reflection of more mature consumer market in USA than India as well as wider extension of such facility by the marketers due to higher level of competition. All the other seven parameters are opposite to the first parameter. These parameters are about dissonance reducing behavior and significantly higher mean responses in all of them form Indian customers suggests that Indian customers are more likely to convince themselves to live with the situation rather than go back to the selling company and seek a solution. The parameters where there is no significant difference in responses between the USA and Indian customers with regards to post purchase dissonance reducing behavior are – generate potential solutions and relooking at the problem objectively. Though these two questions are confirmatory to each other, the mean response is higher from US respondents for the first parameter while lower for the second parameter. It seems that the second question out of these two was not clearly understood by the respondents.

CONCLUSIONS AND RECOMMENDATIONS

Our research indicates that there are major differences between US and Indian consumers with respect to the factors which create cognitive dissonance. These differences are more pronounced in the case of big ticket purchases though very much present in small ticket purchases as well. Global companies cannot think of replicating their successful practices and marketing models from USA in India. Indian customers are more risk averse. They do higher level of consultation from family, friends, experts and do more research before even relatively inexpensive purchases, not to mention high involvement purchases. The decision making and actual purchase in India is more collectivistic while the US consumers are more individualistic in their behavior. Companies should build in this aspect in their communication policies, store locations and store designs. Indian consumers put more trust in well-known brands. Companies should build up their brand credibility in India because this effort is likely to pay them higher return in Indian market. The decision of purchasing anything, apart from basic necessities, is a more carefully thought out process in India and is considered only when the need is clear and present. The company, wanting to do well in India, should research and understand the importance of the right branding strategy and appropriate occasion for the purchase of its products / services for the target segment and build its marketing activities around them. In the case of big ticket purchases, our study was able to identify an important need for others appreciation of the purchase in Indian consumers. The companies selling big ticket items like consumer durables, high end mobiles, fashion apparels, and automobiles etc. will do well to build the social acceptance angle in their communication strategies. We also identified the higher importance in Indian consumers of keeping the receipt safely. This can be an important dissonance reducing measure if the firm can assure the consumer that the receipt is not the only mechanism he / she has for obtaining the solution to a grievance. One way is having a permanent sticker on the product itself where the date of purchase, invoice number and customer assistance telephone number can be given. Electronic receipts are easier to archive (and access, when needed) and might alleviate some of the post purchase dissonance of the customers. Our study also concluded that US consumers are more confident in dealing with companies in asking for a product return or refund of their money. Indian consumers appeared more habitual of generating own dissonance reducing thoughts and more self-convincing in nature. Any firm which provides higher dissonance reducing measures could actually be able to leverage their efforts as a competitive advantage. As in any study of this magnitude that traverses nations and cultures, readers must be cautioned about certain limitations. The online survey mechanism has led to the sample being biased towards young, well educated and financially better-off customers. This method, though
Table 4: Comparative analysis of US and Indian consumers for post purchase dissonance reducing behavior

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Independent samples t-test</th>
<th>Mean response from USA</th>
<th>Mean response from India</th>
</tr>
</thead>
<tbody>
<tr>
<td>When I make a purchase that I later regret, I...-Try to make a plan of action to return the item/get my money back</td>
<td>.000***</td>
<td>4.54</td>
<td>3.73</td>
</tr>
<tr>
<td>When I make a purchase that I later regret, I...-Generate potential solutions</td>
<td>.115</td>
<td>4.72</td>
<td>4.41</td>
</tr>
<tr>
<td>When I make a purchase that I later regret, I...-Concentrate my efforts to be able to keep the product</td>
<td>.002***</td>
<td>3.71</td>
<td>4.32</td>
</tr>
<tr>
<td>When I make a purchase that I later regret, I...-Try to step back from the situation and be objective</td>
<td>.250</td>
<td>4.10</td>
<td>4.32</td>
</tr>
<tr>
<td>When I make a purchase that I later regret, I...-Distract myself to avoid thinking about it</td>
<td>.000***</td>
<td>2.90</td>
<td>3.96</td>
</tr>
<tr>
<td>When I make a purchase that I later regret, I...-Try to look at the bright side of the purchase</td>
<td>.024**</td>
<td>4.43</td>
<td>4.89</td>
</tr>
<tr>
<td>When I make a purchase that I later regret, I...-Try to focus on the positive aspects of the purchase</td>
<td>.037**</td>
<td>4.58</td>
<td>4.99</td>
</tr>
<tr>
<td>When I make a purchase that I later regret, I...-Try to make the best of the situation</td>
<td>.010***</td>
<td>4.77</td>
<td>5.25</td>
</tr>
<tr>
<td>When I make a purchase that I later regret, I...-Refuse to believe that the regret even exists</td>
<td>.001***</td>
<td>2.82</td>
<td>3.53</td>
</tr>
<tr>
<td>When I make a purchase that I later regret, I...-Pretend that the purchase never happened</td>
<td>.075*</td>
<td>2.35</td>
<td>2.72</td>
</tr>
</tbody>
</table>

Note: * denotes p: 0.10 or lesser, ** denotes p: 0.05 or lesser, *** denotes p: 0.01 or lesser

adequately appropriate for this study, may not reflect the true picture of the consumers, particularly in India. Further, this study has used the term big ticket and inexpensive purchase in a very generic way to get the responses. But within these two categories also there can be major differences in responses based on specific product purchase situation. Any future researcher may take up specific product categories in high and low involvement situations and try to assess the differences between US and Indian consumers’ cognitive dissonance behavior.

REFERENCES


HOW DO SELF-HANDICAPPING STRATEGIES INFLUENCE THE PURCHASING EXPERIENCES OF CONSUMERS?

Raj Devasagayam, Siena College

ABSTRACT

This research investigates the marketing implications of psychological constructs of defensive pessimism and deliberation - two self-handicapping strategies. Self-handicapping is the choosing of impediments and obstacles to blame if outcomes are not satisfactory. Deliberation is a means of thinking through a situation to view all possible outcomes. Defensive pessimism is the setting of unrealistically low expectations and thinking through many outcomes to avoid an increased let down amidst a negative outcome. This research develops a theoretical framework which makes the investigation of such constructs possible. Results of a preliminary empirical study to build and develop theoretical measures are presented.

KEY WORDS: Consumer Behavior, Product Satisfaction, Deliberation, Defensive Pessimism, Theory Building

INTRODUCTION

Tali Sharot (2011) takes a tour of the human brain and discusses how the general public is wired to be optimistic about most issues. Through many scientific studies and anecdotes, this contemporary neuroscientist writes about how humans develop an optimism bias and are satisfied with great life events, yet prepared when it comes to death, disease, etc. But what about when it comes to making purchases? We began to ponder the idea of how the brain works in relation to consumer buying habits, and whether or not satisfaction can occur in consumers who are not optimistic (therefore, pessimistic). Does the brain react with satisfaction or dissatisfaction because that is, “how we are wired?” Is there more to the equation than simply being optimistic or pessimistic? Based on an extensive cross disciplinary literature review, we found many interesting studies pertaining to self-handicapping, defensive pessimism, deliberation, and many other constructs. However, we found no significant input by those in the marketing field. We saw this as an opportunity to both add to the extant psychology literature, as well as open up a new avenue for marketers and educators alike. Our study focuses primarily on the consumer behavior aspect of marketing, the state of minds in which consumers will buy certain products, as well as the amount of satisfaction gained from said products dependent on level of optimism or pessimism in the consumer. We have conducted a preliminary quantitative study to assess validity of scales. Using our previously gathered theoretical framework of consumer self-handicapping in purchase decisions, we created and tested an online survey, which was then distributed to 123 participants. Findings are revealing. In the following sections we proceed to discuss the extant research in the area, propose our theoretical model, discuss scales developed and their validity, and present the findings of our empirical study based on a national sample.

LITERATURE REVIEW

At Pennsylvania State University, Gasper, Lozinski, and Lebeau (2009) examined two properties - pessimism and reflection. Pessimism is the state of mind in which a human being discounts their ability to perform well in particular tasks (Norem, 2001a). A practice commonly used by those with low self-esteem or self-worth. Reflection is the process that has been proven to churn pessimism into an acceptable and even beneficial brain function. The reflection process is not discounting one’s ability, yet is the planning for the task at hand while closely examining the potential euphoric results, as well as the potential let downs. Separated, pessimism may cause bleakness, where reflection may or may not. However, one thing is for certain - together they form defensive pessimism, “The setting of unrealistically low expectations and thinking through many different outcomes to avoid an increased let down amidst a negative outcome” (Debus et. al, 2001). In today’s society, defensive pessimism is grossly underutilized. Sharot, Riccardi, Raio, and Phelps (2007) point out that, “people tend to make overly confident, positive predictions about the future, which are often inaccurate.” This can cause a high
level of dissatisfaction in the person who has set the expectations. The state of mind a human being is in when making any sort of decision or when forming an opinion is vital to not only the outcome, but the amount of satisfaction and delight gained from the experience. Let us think about the above statement in the opposite manner - using defensive pessimism may be beneficial to the subject. For example, meteorologists may claim that there will be a very large storm which will soon hit Albany, New York. The storm is seen one week ahead of time and the city must be evacuated. The time comes for the storm to hit, and nothing happens - the storm flat out misses New York’s capital. Undoubtedly, this causes a massive amount of relief and delight in those who reside in Albany. However, since the city was prepared for the storm to hit, if it had landed in the city the residents would have been safe. Although devastation would be unfortunate, the amount of damage would be less significant, and the amount of satisfaction and delight would skyrocket, all because of people’s states of mind.

Deliberation is the process of systematically eliminating options as information is gathered toward decision making. Dijksterhuis and Nordgren (2009) explore the process of deliberation through five similar experiments that aim to determine if the effect that deliberation has on both simple and complex decisions. They found that, “Conscious thought often undermines the quality of people's judgments... people who deliberated on their preferences were less consistent than those who made nondeliberative judgments.” This proves that deliberation can be a means of distraction. Dijksterhuis and Nordgren do not speak of the state of mind in which participants underwent these experiments. Therefore, because of the work of Sharot et al. (2007), we can only assume that the subjects were optimistic.

THEORETICAL MODEL

After the aforementioned thorough literature review process, our pictorial model (Figure 1) was developed. We believe that defensive pessimism (pessimism and reflection) has a significant impact on consumer expectations, which has a direct impact on the level of satisfaction and delight, or dissatisfaction. This is hypothesized because by setting unrealistically low expectations via the deployment of defensive pessimism, consumers’ expectations will be altered, therefore positively or negatively effecting customer satisfaction. We also believe the defensive pessimism (specifically, the reflection factor) has an impact on the amount and type of deliberation, which forms the expectation of the consumer. We have included price in the model, as we believe it will play a significant role in the expectation of consumers. Our pre-tests have shown that demographic variables such as age and gender may play a role in the determination of a price threshold that would change expectations. The findings using this working pictorial model are sure to be exciting and groundbreaking.

![Figure 1: Theoretical Model of Defensive Pessimism Effects](image-url)
With the above theoretical framework in mind, we began to search for existing scales to measure each of the identified constructs. All primary data for research was collected through an online survey service. In an effort to keep the survey at a manageable time for participants (about six minutes), questions primarily consisted of the Likert-type format that required respondents to rate statements by the click of a mouse. Being that most folks use the Internet on a daily basis for at least a small amount of time, we deemed an online survey to be the best instrument for data collection. Before we sent this survey out via email and social media, we pre-tested it several times in order to ensure its effectiveness, flow, and logic.

After narrowing our scales down to fit time constraints, we then designed our instrument in the best way possible to keep participation up and eliminate possible “click-outs”. The beginning portion of our survey measures personality characteristics of participants. These characteristics were measured using a five-point Likert-type scale ranging from “Strongly Disagree” to “Strongly Agree”. The prompt to measure personality was, “I see myself as...” At this time, participants were prompted to indicate their level of agreement as it relates to five different personality traits (the big five); extroverted, agreeable, dependable, emotionally stable, and open to experience. Next, we launched into measuring each of our constructs listed in the theoretical pictorial model. In this order we measured, price, deliberation, expectations, satisfaction, and defensive pessimism. Each construct was measured using a five-point Likert-type scale. We also included a scale to measure each participant’s personal values. Closing out the survey, we asked participants for standard demographic information.

For this preliminary study, the survey link was distributed to the authors’ personal contacts via email and social media websites. Please see the sample profile (n=123) in Figure 2.

<table>
<thead>
<tr>
<th>Gender</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
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<tr>
<td>Female</td>
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<table>
<thead>
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<tr>
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<td>9.80%</td>
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<td>35-54</td>
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<tr>
<td>55+</td>
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<th>Student</th>
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<tr>
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<td>54.90%</td>
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<table>
<thead>
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<th>Type of Institution</th>
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<td>3.00%</td>
</tr>
<tr>
<td>4-Year College</td>
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</tr>
<tr>
<td>Graduate Program</td>
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<table>
<thead>
<tr>
<th>Occupation</th>
<th></th>
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<td>51.20%</td>
</tr>
<tr>
<td>Service</td>
<td>5.80%</td>
</tr>
<tr>
<td>Management, professional, &amp; related</td>
<td>35.50%</td>
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<td>Other</td>
<td>7.40%</td>
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<table>
<thead>
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<td>$20,001-$50,000</td>
<td>9.90%</td>
</tr>
<tr>
<td>$50,001-$80,000</td>
<td>22.30%</td>
</tr>
<tr>
<td>Undisclosed</td>
<td>11.60%</td>
</tr>
<tr>
<td>$0</td>
<td>5.80%</td>
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</table>

<table>
<thead>
<tr>
<th>Country</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>96.70%</td>
</tr>
<tr>
<td>India</td>
<td>0.80%</td>
</tr>
<tr>
<td>Canada</td>
<td>0.80%</td>
</tr>
<tr>
<td>France</td>
<td>1.70%</td>
</tr>
</tbody>
</table>

Figure 2: Sample Profile (n=123)
PRELIMINARY FINDINGS

Once our data (n=123) was gathered, the first step was to check for validity of the scales used. The first scale dealing with personality (Gosling, Rentfrow, and Swann 2003) was a five-item scale and showed good psychometric properties (Cronbach’s Alpha = 0.701). The scale dealing with deliberation (Cacioppo and Petty 1982) was a five-item scale and showed very good psychometric properties (Cronbach’s Alpha = 0.785). The scale dealing with price (Lichtenstein, Netemeyer, and Burton 1990) had to be reduced from a five-item scale to a four-item scale for validity. When this was done, the price scale showed good psychometric properties (Cronbach’s Alpha = 0.760). The scale dealing with expectations was originally conceptualized as a four-item scale but had to be reduced to a three-item scale in order to achieve moderate psychometric validity properties (Cronbach’s Alpha = 0.679). The scale dealing with satisfaction was reduced to five-items from a six-item scale and showed very good psychometric properties (Cronbach’s Alpha = 0.775). When analyzing the satisfaction scale, item number twenty-five was reverse worded and had to be recoded to maintain the integrity of the scale. Our scale dealing with the construct of defensive pessimism was an eight-item scale and showed excellent psychometric properties (Cronbach’s Alpha = 0.843). The value scale (Kahle 1983) used in our instrument was a five-item scale and showed excellent psychometric properties (Cronbach’s Alpha = 0.843).

We then proceeded to conduct a principal component factor analysis with a Varimax rotation suppressing Eigenvalues below 0.50. The resultant two-factor solution conformed to the theoretical dimensions of the scale that explained 65.470% of the variable in the data. The two dimensions each with four items were labeled reflection and pessimism as dictated by the theoretical model. The scale dealing with reflection included four items and showed very good psychometric properties (Cronbach’s Alpha = 0.760). Our pessimism scale was a four-item scale and showed good psychometric properties (Cronbach’s Alpha = 0.703).

After validity of the scales was checked, we then ran ANOVAs to establish our dimensions. First, we used each scale listed above as the dependent variable, with different demographic items being the factor. Age shows a significance when it comes to deliberation (p: 0.005; F=4.505). It appears that participants at age 55+ deliberate less than younger age groups. When it comes to gender, this demographic item has a significant impact on the constructs of reflection (p:0.050; F=3.915), defensive pessimism (p:0.030; F=4.851), personality (p:0.068; F=3.401), and price (p:0.040; F=4.20). These preliminary findings seem to indicate that men seem to both reflect on past purchases, and unconsciously use defensive pessimism more than females. The next dimension tested for significance was occupation. Occupation seems to play a significant role in level of deliberation (p:0.000; F=5.023), and price consideration (p:0.010; F=3.02). Preliminary findings indicate that those with occupations in the service area deliberate significantly less than others, and also care significantly less about price.

ANOVAs were subsequently run to test correlation between our scales and personality items. Results showed the traits of being extroverted and enthusiastic to have a significant impact on expectations (p:0.032; F=2.404), price (p:0.079; F=1.949), values (p:0.001; F=3.918), and satisfaction (p:0.045; F=2.231). An interesting result is that people who are extroverted/enthusiastic tend to set higher expectations. The agreeable/kind item has a significant impact on reflection (p:0.076; F=2.057), deliberation (p:0.021; F=2.762), expectations (p:0.034; F=2.515), price (p:0.085; F=1.933), values (p:0.003; F=3.817), and satisfaction (p:0.024; F=2.707). Being dependable/organized showed significance with deliberation (p:0.090; F=1.960), price (p:0.000; F=5.652), and values (p:0.036; F=2.481). Being emotionally stable has a significant impact on reflection (p:0.074; F=2.069), defensive pessimism (p:0.077; F=2.045), and price (p:0.000; F=6.772). A major finding in this data includes the fact that emotionally stable people tend to utilize defensive pessimism more than those who are not emotionally stable. Almost an inverse of what one would consider logical. Being open to experience showed significance when it comes to deliberation (p:0.011; F=2.926), expectations (p:0.024; F=2.540), price (p:0.001; F=4.159), and satisfaction (p:0.036; F=2.347).

CONCLUSION

Now that we have developed and tested scales that capture each aspect of our construct, it opens avenues for more extensive empirical study and analysis of our scales. Future studies may expand our research far beyond the theoretical framework and preliminary findings provided in this study. For example, it will be interesting to find out just what types of people unknowingly utilize defensive pessimism. According to the preliminary data, those who are emotionally stable utilize the process more than those who are emotionally unstable. We believe that the findings of future research with larger samples will provide generalizable results that will have implications for marketing strategists and academicians alike.

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MEDIA BINGEING: A QUALITATIVE STUDY OF PSYCHOLOGICAL INFLUENCES

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ABSTRACT
Progressive increases in viewing freedom due to internet media providers have given consumers more access to television. This convenience has caused many to overindulge on media stimuli. Often referred to as “media binging,” this habit is quickly becoming a concern. We conducted a qualitative study in order to further understand motivations behind binging tendencies. The results propose the forming of one-sided, unconscious bonds between viewers and characters. We believe this bond is one of the main factors influencing binging behaviors. This study is important since it sheds light on a consumer’s need to overindulge, which presents marketing opportunities and challenges.

KEY WORDS: Media, Bingeing, Addiction

INTRODUCTION
How many episodes of House of Cards (or Orange is the New Black) should one watch in one sitting? Media Bingeing is quickly becoming the viewing habit of choice for many television fans. Companies such as Netflix and Hulu have made fortunes on giving people the ability to watch almost any show at the touch of a button. This new access to an immense library of TV series and movies is turning addictive practices into common pleasures. Viewers are getting so immersed in their favorite shows that they can’t help but watch more, all while showing intriguingly similar characteristics as substance and food abusers. What is more surprising is that the general population has little problem with binge viewing while substance and food addictions are socially unacceptable. In this research, we investigate motivations behind the drive of current consumers using a qualitative study. We provide insights on why consumers are so susceptible to this kind of stimuli and why society is apparently oblivious to the issue. This paper will share current research on the topic, our research methodology and findings, possible future research avenues, and ethical implications for companies supplying the media.

LITERATURE REVIEW
Defined as a rapid consumption of a large amount of substance in a short time period (Goldsmith 2013), binging is most often related to food and obesity. In fact, marketing researchers can draw upon this rich research stream as we face a paucity of research in marketing related to this rather recent phenomenon. One can easily recognize that common tendencies of internet media subscribers follow textbook symptoms and compulsions associated with those addicted to food.

Media bingers appear to be compelled to watch hours of shows and movies due to an overresponsiveness to video stimuli (Vervaet 2004). Like their food counterparts, the exposure to stimuli eventually produces an emotional reliance in the human psyche. Viewers feel dependent on the stimuli to feel whole throughout their daily lives. As is evident with constant cravings to view a following episode, people become fully addicted to the happenings of a show (Lloyd 2013). These moods are intensified as people realize that their programs are a mere mouse click away at any point during the day.

Fans of television series are more susceptible to media binging due to the ability to follow characters and plot seamlessly from one episode to the next. Shows are so well produced and put together that viewers feel an elevated sense of existence while escaping their self-awareness (Vervaet 2004). People enter into the fantasy world they are watching and feel hollow once taken away from it. Similar to those binging on food, the subject’s brain blocks external negative emotions while viewing creating an escape from common daily life. The feelings are a result of chemical imbalances within the brain which put the viewer in a trance like state (Ascharya 2012). Similar to the high a drug can provide, people try to recreate the feeling of happiness felt when binging on media. This feeling is commonly obsessed over as people find themselves thinking about a show’s events during the day (Kolotkin 1987). This behavior also creates a mental reasoning that allows for continued binging behavior (Vervaet 2004). Since shows are available in rapid installments without commercial or weekly breaks, there is little stopping people from viewing...
large strings of episodes. The show is essentially a drug that people become addicted to indulging upon.

Another reason behind the new trend of media binging is the apparent lack of physical side effects incurred by the viewer. Watching hours of their favorite shows seems harmless and actually condoned by the society around them (think water cooler banter!). As is with food and substance bingers, a feeling of invincibility is common while performing the action (Vervaet 2004). The apparent lack of consequences is due in part to the inability to see immediate changes affecting the body. Long periods of inactivity are known to lead to heart disease and obesity issues. If routine binging sessions take place in a person’s life, these complications are put on a fast track to reality (Rollin 2013). Other mental complications include a decrease in a viewer’s social skills. Although silly to think of, long term media binging sessions cut away drastically at the time a person interacts socially with others. These degrading skills can carry over negatively into one’s job or family life (Rollin 2013).

Recent developments of internet media platforms such as Netflix and Hulu have shown a profitable market made up of media bingers. The latest attempt to capitalize on this group was made by the internet media company Netflix with their release House of Cards. This is the first documented, multi episode series designed to be viewed in one sitting (Stelter 2013). Creators eliminated the common flashbacks and recapping segments found at the beginning of following episodes. Instead, they assume that viewers are aware of the show’s happenings at every point during the thirteen episode release (Stelter 2013). People who are for this style of watching say the ease of continuation allows for a more engrossing and satisfying experience (Riccio 2013). Viewers can commit to their couches and watch without the irritating inconvenience of commercials and weekly breaks between episodes (Rico 2013). Do consumers actually realize that they are bingeing? What are some factors that may lead to media binging?

**METHODOLOGY**

To explore these research questions, we conducted a two-phased qualitative study to understand motivations for media binging. A total of four focus groups were conducted with thirty participants ranging in age from seventeen to seventy. Participants were selected based on their familiarity with internet based viewing platforms such as Netflix, Hulu, or Amazon Prime. Focus groups were followed by a short survey provided to some of the participants that were willing to respond. This survey further inquired participants about their viewing habits, show choices, and personal feelings about media companies.

**PHASE ONE**

Focus group one consisted of ten participants ranging in age from eighteen to twenty seven years old. This group was organized to represent a college and post graduate demographic. Discussion centered on the addictive nature of Netflix and touched on the platform’s current formatting. When asked if they have ever planned on watching one or two episodes only to end up watching many more, almost every participant answered with a “yes.” When asked individually about the reasons behind this, participants replied with “its addicting” and “you can’t just watch one episode.” Later questions inquired if participants felt that Netflix encourages them to watch more. Answers immediately focused on auto and post-play features followed by replies such as “they are manipulating us.” Respondents were aware that these features are meant to encourage more viewing but jokingly laughed about the premise. Participants also revealed that they were “happy” once a series has concluded. A sense of closure appeared to be a motivator for subjects in this group.

The second focus group consisted of seven participants ranging in age from eighteen to forty seven. This group included two mothers and their daughters in order to get a parental opinion on the subject. Discussion centered on the teen’s viewing habits, social lives, and the mother’s opinions on the behavior. When asked if they have ever looked forward to viewing their programs, all of the teens said “yes.” Immediately after this answer, a respondent piped up with “I’d rather watch Netflix than be social.” Both mothers laughed after these responses seemingly unconcerned with the viewing habits. This focus group shared feelings of regret after realizing the amount of media they had consumed during a period. The feeling was not seen as a deterrent to participants from continuing the same viewing habits.

Focus group three consisted of eight adults ranging in age from forty to seventy. This group was combined in order to receive feedback from those working full time jobs or retired. Those working full time described their viewing habits as “a way to relax” after a long day at work. They admitted that attending to their children prevented them from watching shows for an extended period of time. Full time workers did not seem to binge on media regularly. Those that were retired exhibited viewing habits not seen in previous focus groups. They admitted to turning on Netflix and leaving the program running throughout the day, stopping to sit and watch an episode on occasion. Shows left on by this group were The Big Bang, How I Met Your Mother, and
Parks and Recreation. Although they were not intently viewing for long periods, the stimulus was left on for the entire day. Their reasoning was simply that they enjoyed the extra noise in the household.

The final focus group consisted of five college students ranging in age from twenty to twenty one. Discussions focused on viewing habits during and outside of school along with their favorite shows. The most surprising results came when asked if they have ever watched a majority of a series in a single sitting. Almost every participant answered with a strong affirmative. One individual admitted that he had watched full seasons in a single day “several” times. They shared that the free time given over the summer almost forced them to watch out of sheer boredom. During the school semester however, they revealed that their viewing times decreased immensely and the viewing habits differed as well. When asked if a season’s conclusion brought an empty feeling, respondents shouted “absolutely” without hesitation. One individual admitted that he “wanted to cry” after the series finale of their favorite show. Respondents also revealed that their bingeing was not due to exciting cliffhangers at the end of each episode but rather the availability of the show. Simply having the option to watch the next episode made them want to continue.

**PHASE TWO**

Following these groups, respondents were requested to fill out a short survey to further understand their tendencies and 20 (out of 30) of them were willing to respond. Respondents were again asked if they felt that the interface of Netflix encourages them to watch more. The answer was a strong yes with 75% of the participants answering. In discussion, participants revealed that they usually plan to sit and watch a specific number of episodes when using the programs. With features such as post play and show recommendations they felt a lower level of control when using these platforms. They also admitted to watching more than planned due to the convenience and ease of the interface. Recent updates to Netflix give strong evidence for an attempt to keep users on their sofas for longer periods of time. Respondents showed that they were so interested they “couldn’t help but watch more” and let the platform play another episode.

Later questions asked participants how many episodes they usually watch at a given period of time. When asked if they have ever watched a majority of a single season in one day, about one-third of the respondents (35%) answered with a “yes.” The amount of episodes per TV season varies greatly, but it is safe to assume that the respondents spent at least five to six hours watching their shows at one time. This is with minimal breaks between episodes and an intention to get as far into a season as possible. Discussion focused around shows such as House of Cards, Arrested Development, Breaking Bad, One Tree Hill, Prison Break and Mad Men. Although not nearly the majority, this is still a surprising amount of people when considering how much time is devoted to their shows. A large portion of those that said yes were in the twenty to thirty five age ranges. What is also interesting is that respondents binge on shows with a variety of genres. They did not focus on thrillers or shows with heavy action as would be anticipated. This, along with discussion evidence, supports the idea that cliffhangers are not the primary reason behind the bingeing.

Respondents were eventually asked, point blank, if they had ever felt addicted to the shows they watch. After gathering results, 60% said yes. This didn’t appear to be the answer during the group discussions. In the focus groups some individuals were comfortable admitting their addiction, but not nearly 60%. People appear to be uncomfortable speaking aloud about their need for media stimuli and personal viewing habits. Respondents were more than happy to share their love for a particular show but not their reasons behind viewing. Apart from answers such as “I love it” and “it’s exciting” viewers didn’t give a concrete answer as to why they view. In other groups, participants didn’t think they could be addicted to Netflix even though they admitted to constantly thinking about an episode’s event during their day. Society hasn’t realized that this form of consumption can be considered an addiction. We believe that this is due to the lack of visible side effects that other forms of bingeing foster.

One of the final questions asked on the post discussion survey wondered if respondents have ever felt personally attached to a character in a show. The majority responded with a yes (65%). We felt this was a very interesting answer since participants admitted to forming relationships with fictional characters. This one sided relationship can be backed by the emotion expressed while in discussion about said characters. We feel that this one sided relationship with characters drives people to watch more in order to sustain the relationship. They are essentially watching the shows to spend time with their favorite character. This would also explain the “emptiness” felt once a series has concluded, akin to a relational break up. We plan to further investigate this motivation and its connection to media bingeing.

**ETHICAL IMPLICATIONS**

The push of companies to develop a market of bingers and addicts certainly presents an ethical
dilemma. Recent updates to viewing programs have created “post-play” features that automatically play the next episode in a series (Chatila 2013). Viewers don’t have to physically move to switch to another episode. Content providers appear to be encouraging people to binge unhealthily in return for increased revenues. Again, this is not perceived to be negative in society’s eyes. Although media companies are purposely creating shows that form addictive habits in their viewers, few people seem to see a problem with it. Popular press articles largely encourage viewers to binge with promises of a better viewing experience (Riccio 2013). An easier understanding of characters, ability to find small plot developments and a more in depth analysis of show events are all reasons suggested in these articles.

What is also interesting is that companies seem to be unable to provide enough content for their users; the demand seems to have not been estimated to be this high. Due to the uncountable tastes and preferences of customers, there has yet to be too many shows on a platform such as Netflix. They are unable to overprovision their product, resulting in a never ending demand for more content from viewers (Lukas 2013). With new shows designed to appease media bingers, content will be viewed and finished faster than ever before. This is leading up to a great expansion in the internet media industry as well as the number of platform specific programs like House of Cards (Stelter 2013).

CONCLUSIONS

Our study has found preliminary support for theories of partner-like relationships, addiction, and dependence on media stimulation. Our results are based on three focus groups and a small number of written responses, and therefore must be subject to further empirical research in order to be generalizable. Respondent testimonials and discussions show clear attempts of media providers to turn their customers into addicts. Results support that these strategies are working, with the majority of those interviewed confessing to a show addiction (60%). Participants have also revealed a possible one-sided relationship with their favorite characters. We believe that these unconscious relationships are one of the primary reasons behind media bingeing tendencies. Findings also show that the lack of societal concern could be another main driver for those bingeing on television. With no negative public opinion, consumers feel invincible while indulging on media. We suggest that future research include a quantitative study targeting these relationships felt between viewers and their fictional counterparts.

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UNIQUE HOLISTIC APPROACHES TO MARKETING
AND PROMOTING SCIENCE EDUCATION

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EXTENDED ABSTRACT

In the late 60’s Sputnik and the space race that resulted was considered the impetus for a surge in engineering
and science education in this country. After years of benefiting from the innovations generated from NASA and
unique organizations such as Bell Labs the U.S. finds itself in a shortage in the number of scientist and engineers
necessary to maintain a competitive advantage over the rest of the world. This was echoed by a report by The
National Academies of Science, “A Gathering Storm.”

More recently, numerous programs have been aimed at increasing the numbers of minority students in these
critical needs areas. These programs include Alliance for Graduate Education in the Professoriate (AGEP), Louis
Stokes Alliance for Minority Participation (LSAMP), HBCU-UP, and others. These programs market science
education to students who have enrolled in a college or university and in the case of AGEP graduate school. Other
popular approaches that have arisen are the Bridge programs which come in the form of programs linking
undergraduate students nearing graduation with existing graduate programs at another university. This is similar to
the post-baccalaureate programs in medically related professional programs.

This work will present an overview of two unique programs working together in some areas to market science
education to potential students and then support them in their matriculation through such programs. These programs
are the Chemistry Scholars program originated in the Chemistry Department at Florida A&M University and the
Stellar Student program also affiliated with Florida A&M University. These programs take on a unique approach to
recruiting students by marketing a holistic approach to a Science Technology Engineering and Mathematics (STEM)
education. The purpose and potential outcomes of these novel programs will be presented along with the unique
marketing approach.

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EXPERIENTIAL PRODUCT BUNDLING CATEGORY: A CASE IN MUSIC INDUSTRY

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ABSTRACT

Previous related literature on product bundling can be categorized into three strands: independent, complement, and substitutive. In the experience marketing approach, there is a possibility to extend these strands. Instead of labeling it under a broad definition in the independent strand, the product bundling for experiential product can be termed as a reminiscent category. Similar to other strands, the aim of a reminiscent product bundling category is to increase purchase intention. However, the unique character of experiential product bundling is to recall a memorable event by combining two products. A case in music industry will be used as an illustration.

KEY WORDS: Product Bundling, Experiential Product, Music Industry

INTRODUCTION

Product bundling is a common phenomenon in marketing. Marketers use product bundling as a vehicle to enhance the offering appeal that can increase consumers’ willingness to purchase. Johnson et al. (1999) proved that consumer evaluations of an offer increase as component price information is bundled. Consumer perceives when the product comes in the bundle, the value is better from price perspective. Furthermore, bundles composed of equally priced goods or related components will result in higher purchase intention (Harlam et al., 1995).

Product bundling can be viewed as a marketers’ attempt to differentiate their offers. There are three stands of literature on bundling and differentiation (Chung, Lin, & Hu, 2013). The first strand assumes that the bundled products are independent, there is no direct relationship between products, such as: fast food product with toys. The second strand categorizes the products are complementary, such as: toothpaste and toothbrush. The third strand of literature discusses cases of complementary and substitutive bundled product, such as two different shampoo packages in one price offer. In some bundling conditions, it is confusing to categorize product bundling as independent, complementary, or substitutive.

Product bundling can be applied to different form of product. The previous examples are physical goods, which are common practice for Fast Moving Consumer Goods’ company. There are some literatures use examples of bundling as a strategy to introduce a new product (Simonin & Ruth, 1995; Sheng & Pan, 2009), information (Adilov, 2011), and retail products (Oppewal & Holyoke, 2004; McCardle et al., 2007). Those examples discussed product bundling in fulfilling a functional benefit. The marketing development needs array literatures that discuss the efficacy of product bundling on symbolic or experiential benefits for consumers.

This paper proposes bundling categorization for experiential product. Consumers’ experience extends the meaning of brand benefit. Holbrook and Hirschman (1982) discussed experiential aspects in consumption, which were symbolic, hedonic, and aesthetic. This kind of consumption involved fantasy, feeling, and fun. The result of experiencing the product is memory (Pine II & Gilmore, 1999). In order to get a positive memory, marketer involves consumers in experience in physical, emotional, mentally, social, and spiritual forms (Arould & Price, 1993). In a similar approach, Brakus et al. (2009) divided brand experience into four dimensions: sensing, affective, intellectual, and behavior. Furthermore, Schmitt (1999) identified experience marketing focused on sense, feel, think, act, and relate. A positive memory upon experience will be stronger when multiple senses are involved (Pine II and Gilmore, 1999). Product bundling can be a vehicle to bring back the good memory for consumers. Instead of categorize this kind of offer into independent, complementary, or substitutive; the essence of bundling can be defined in a specific manner. Previous literatures did not specify the character of product bundling for experiential context. For this purpose, music as a hedonic product will be used as an illustration.

MUSIC AS AN EXPERIENCE PRODUCT

Music is a part of daily activity in people life. As a form of aesthetic product, music is a hedonic product
that arouses the emotions. Instead of rely the music as an audial form, it is necessary to extend the understanding a music consumption into a multi-senses experiences’ stimuli. People enjoy music from audio equipment by listening CD or digital music, from audiovisual devices by watching music video, and from a concert by experiencing multiple senses. In addition to these consumption forms, consumers extend their music consumption by wearing apparel, collecting merchandise, or imitating their idol’s style.

Lacher (1989) presented a model for studying music as a product. The individual characteristics consist of personality traits, affect intensity, and music training. The first and second characteristics lead to emotional and experiential responses, while the third one have an influence to an analytical response. These responses could create a favorable influence on preference. Furthermore, it will increase the positive relationship toward purchase behavior.

Lacher and Mizerski (1994) found that the sensorial, emotional, imaginal, and analytical responses to music had direct effects on the affective and experimental responses. Those issues influenced purchase intention. They proved that the strongest indicator of purchase intention was the need to re-experience music. Surprisingly, liking the music as an affective response was not as strong an intention indicator as was the experiential response. Positive emotions were most evident in reaction to imagery and when the consumer found the experiential product was more self-relevant (Kwornik, Jr. & Ross, Jr., 2004). Lindstorm (2005) emphasized that brand needs emotional selling proposition and me selling proposition, besides unique selling proposition. It can be concluded that consumer prefers to re-experience the music that reminds them to an individual memorable moment, rather than a merely liking the music.

Another surprising finding when Rondan-Cataluna and Martin-Ruiz (2010) compared the concert attendees and CD buyers. They found that consumer satisfaction, price fairness perception, willingness to pay, customer value, and product quality were significantly higher in concert attendees than in CD buyers. A similar finding discussed about the purchasing experiential product tended to facilitate happiness than material-based product purchasing (Nicolao et al., 2009). Furthermore, the hedonic output from an experiential process had a strong positive relationship toward satisfaction and loyalty (Bigne et al., 2008). These findings were supporting the efficacy of the multiple sensory in experiential product.

From previous literatures, it can be inferred that music can be considered as an experiential product that gives a hedonic benefit to the consumers. Consumers music preference increases when the product relates to individual experience or re-experience a moment that involves multiple senses. This will enhance purchase intention, satisfaction, and loyalty.

**PRODUCT BUNDLING IN MUSIC BUSINESS**

Previous product bundling research findings related to music have been done by Elberse (2010) and Koukova et al. (2012). Both discussed the music digital product forms. By empirically examined music sales data from January 2005 to April 2007, Elberse (2010) concluded that revenues decreased significantly as digital downloading becomes more prevalent. However, the number of items in the bundle was not a significant moderator in this condition. Bundles with equal appeal items, as well as a strong reputation suffered a less negative impact in online channels. While Elberse focused on music industry, Koukova et al. (2012) examined more general multi-format digital products, such as books, music, and movies. They proved that equivalent quality formats were perceived by consumers as more complementary and are more likely to purchase them in bundle form. An example in music product is to bundle CD with digital format. Since each format performs better on a distinct attribute, consumers perceive the formats as complementary. Consumers consider this bundle facilitate more usage situations and provide greater flexibility for future usages.

There are many ways in product bundling through online music, include exact firm-selected bundles, category bundling, customer-selected bundles, and mixing these with individual products (Bodily & Mohammed, 2006). These options are possible because the ease of packaging products, the low cost of reproducing music on demand, the reduced friction of consumer/firm interaction, the low cost of monitoring complex behavior, and the enhanced measurement of performance.
Beyond the digital format, there are other possibilities to offer product bundle in music business by combining physical goods and experiential products. These possibilities include bundling CD with artist’s merchandise and CD with concert ticket. CD can be the primary or secondary product. On contrary to previous studies in digital music bundling, these possibilities in product bundling cannot be considered as complementary bundling forms. Its category is neither independent nor substitutive. CD is not a complementary product for merchandise and concert ticket, as well as the other way around. Although it seems that the product character is independent, both products have a strong relation. Assume the recording label offers a bundling of CD and T-shirt to consumers, so there is a connection between audio and apparel products, since they feature a same artist. The product combination cannot be considered as substitutive, since the audio product (CD) cannot replace the experience product (concert). Each product format creates different essence of benefit for consumer. In current condition, it is viable to replace CD with digital-music format as a part of the product bundle.

The product bundling in music business can be a vehicle for the marketers in enhancing the consumers’ positive memory of the music. Since the strongest indicator of purchase intention is the need of re-experience music (Lacher & Mizerski, 1994), the product bundle should trigger the memorable moment. By offering a combination physical and experience products in bundling package, consumers will get a benefit in terms of price. Marketers can get an additional revenue through product bundling that enhance consumers’ imagery. The product bundling function in this condition is to bring back a good memory that related to music as an experiential product. The proposed term for this category is reminiscent product bundling. Each product provides a way for consumers to re-experience the music. These products are related, although they are cannot be categorized as complementary or substitutive. They produce a specific experience for consumers. CD or digital music gives audible and imagery experiences. Music-related merchandise enables consumers to experience music as a non-audible self-expression, and concert facilitates a multiple sensory experience for consumers. The physical product form is a memento for the event that has been experienced by the consumers. These products reify the experience.

Since the declining sales of recording products, recording labels had been transforming their business model into 360-degree deals (Brereton, 2009). In this model, recording artists share their income from various sources with recording label, as a compensation of financial that were spent by label, such as advance payment, marketing cost, and tour support (Okorocha, 2011). Recording labels treat artists as a brand, not only as a music talent. Under this business model, recording company can expand their marketing approach in persuading consumers to purchase music products. In the traditional way of business, recording labels could offer a bundle that related only with recording music. Currently, they can offer a cross-category product bundle, since they are now dealing with concert promoters, managing artists’ merchandise, and handling fans club. This recent business model enables recording labels to explore the possibilities in product bundling as proposed in this paper.

**REMINISCENT PRODUCT BUNDLING**

This paper introduces a new term of product bundling, which is called a reminiscent product bundling. This definition is made to accommodate the product bundling case that facilitates consumers to re-experience consumption positive memories. This paper focuses on music industry, as a product bundling illustration. Nevertheless, this approach can also be applied to various businesses in the service industry, such as: hospitality, tourism, and education. It is related to business that relies on creating a positive memory for the consumers. Pine II and Gilmore (1999) discussed about the different outputs between product forms. For experiential product, the output is memory. Reminiscent product bundling aims to remind consumers about positive experience.

The reminiscent product bundling is distinctively different from established categories, which are independent, complementary, and substitutive. The product combination is related to each other. It does not fit into the independent category. They cannot also consider as merely complement each other. It relates more into experiential and hedonic aspects of product, rather than functional. Although the products are related, each form has distinct essence and irreplaceable with the accompanied product.

**THE STUDY**

This study will be conducted by examining the music-related product bundling. The products are compact disc, concert, and merchandise. There are several scenarios that will be employed for this experimental approach study. Attending a concert is the most comprehensive experience within the music industry. The concert will be paired with either CD or merchandise as a product bundling. For this study’s purpose, merchandise will be in form of T-shirt. The artists’ type will be manipulated in this study, which are categorized into solo and band. Another issue that is important to consider in this study is by using
fictional new artists as the object of study. This is an effort to mitigate the subjective participants’ taste. The design for this study will be 2 (bundling type: concert+CD vs. concert+T-Shirt) X 2 (artist format: solo vs. band) between-subject.

Since CD involves more senses than T-shirt, it is predicted that bundling type with CD will cause a higher preference than alternate types. However, referring to the previous study (Ekananda, 2013), there is an effect between artist formats. Participants in solo condition prefer to purchase CD that comes with discount for ticket concert, while participants in band condition prefer to purchase CD that comes with discount for merchandise. In this case, T-shirt is perceived more symbolic than CD. Thus, the propositions are:

Proposition 1: A bundling of concert ticket and CD will have a higher willingness to purchase in solo type artist than other conditions.

Proposition 2: A bundling of concert ticket and T-shirt will have a higher willingness to purchase in band type artist than other conditions.

The findings from this study will contribute an understanding of product bundling in the music industry. In the broader perspective, it also contributes to a new type of product bundling, which is called reminiscent product bundling.

CONCLUSION

There is a gap in defining product bundling in experiential products, especially in music business. Previous research proved that product bundling increase purchase intention (Harlam, et al., 1995). Meanwhile, the experiential literatures demonstrated the efficacy of multiple sense in heightening consumers’ purchase intention, satisfaction, and loyalty. The product bundling characteristic in experiential product cannot be categorized as independent, complementary, or substitutive. This paper proposed a bundling category called reminiscent. The aim of this category is to facilitate consumer in re-experience the positive memory that related to the music. Reminiscent product bundling category is possible to conduct under the current music business model. Recording labels can expand the offering options to consumers through reminiscent product bundling that can increase revenue from business perspective, and consumers’ loyalty toward artists from attachment perspective. Since recording label manages artists as a brand, it is important to nurture positive connection between artists and their followers for creating a sustainable loyalty.

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EXPLORING SKILL DEVELOPMENT IN A MARKETING PROGRAM

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EXTENDED ABSTRACT

The purpose of this exploratory study is to identify current expectations of business professionals and present practices in marketing education skill development in AACSB accredited business schools. The findings will allow marketing faculty, administrators, and members of the business community to obtain a better understanding of what other marketing programs are doing in the area of skill development and engage these and other stakeholders in a conversation about how marketing curriculum can better educate students in these critical areas of skill development.

The interview-based methodology captured data from two samples: professionals in business and marketing who regularly hire recent graduates, and from marketing faculty across a range of AACSB schools. Findings identify potential gaps in skill development expectations and allow marketing faculty, university administrators, and business professionals to identify ways marketing programs can fill these gaps in order to close the loop. Results suggest that marketing educators and industry professionals report commonality in instruction/expectations when addressing communication, critical thinking, technology, and relational skills (with the exception of Ability to critique and/or dismiss team members). Instruction/expectation gaps are present in Professional (Ethics: Understanding of work ethics and ethical dilemmas; and Business Culture: Sensitive to organizational culture and structure) and Global orientation skills (Appreciate cultural differences, Adapt to different cultures, Knowledge of other countries).

Perhaps the most remarkable finding is the largest gap in the area of global orientation, with only one marketing faculty mentioning this skill set. Perhaps this broad gap occurs due to silos within the marketing domain, where faculty may assume “some other faculty is teaching this.” Businesses want students to have the ability to appreciate cultural differences, adapt to different cultures, and know about other countries. Knowledge of other countries is a very straightforward skill set and one more easily taught and acquired than the former skills, which may require actual interaction in an informal or formal setting. Ideally, these could be achieved through a study abroad program, or even by closer interaction between domestic and international students in the traditional classroom.

Identifying those skills that are presently being taught as well as those that are not is central to bridging the skills gap. It is hard skills that are presently taught within the marketing curriculum analyzed in this study. Hard skills are often expected from students and integrated into curriculum in the form of written work, oral presentations, and problem solving activities. In contrast, softer skills are perhaps more difficult to teach and assess. However, they are still essential in entry-level positions and often have to do with relations with others, self, and situations. Many of these softer skill sets were not included within the skills presently embedded in marketing curriculum. Therefore, a gap appears to exist.

As university budgets tighten and as more attention is focused on looking at the return on investment from college degrees, it is increasingly important that marketing faculty and administrators look at assurance of learning as an opportunity to engage employers in the process of closing the loop on skill assessment. Business and marketing professionals have additional constraints placed on them that were not present in the past. A recurring phrase heard by faculty, was “we need them to come in and hit the ground running.”
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WHERE ARE WE IN THE EVOLUTION OF SALES AND MARKETING TO HISPANICS? A CONSUMER PACKAGED GOODS (CPG) PERSPECTIVE

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EXTENDED ABSTRACT

The ethnic composition of the United States population has experienced a rapid and dramatic shift in the past several decades. The Hispanic population now represents the largest minority group, surpassing African-Americans in 2003 (El Nasser 2003). This demographic is projected to continue to grow and exert influence in consumer markets due to the fact that the population of Hispanics in the U.S. grew by 43% in the last decade and is projected to outpace the growth of all other ethnic groups (http://quickfacts.census.gov) in the next several decades. In fact, Hispanics now account for more than 50 million, or one in six, U.S. residents and are projected to make up one in three residents by the year 2050 (Caesar 2011). The extraordinary growth rate in this demographic has exerted its influence on various areas of the U.S. marketplace, especially the consumer packaged goods market, where Hispanics exhibit up to a 43% higher level of name brand buying than the general population (Nielsen 2012). Further, Hispanics controlled an estimated $978 billion in spending power in 2009, with projections for $1.33 trillion by the year 2014 (Humphreys 2009). However, a prominent question today is whether this continued Hispanic population growth and purchasing power is truly driving substantive changes in Hispanic-specific selling and marketing strategies within the CPG market? This special session will directly address this question and related topics through the participation of a diverse panel of academic researchers as well as invited practitioners from CPG firms.

From a consumer product perspective, Hispanics have been shown to be more brand loyal, shop more often, and shop as a family (Evans 2013). As a result of these behaviors, firms wishing to meet and serve the needs of this rapidly growing demographic must adjust their sales strategies away from traditional methods designed to serve a mostly Anglo/Caucasian population. In particular, firms must adjust their strategies geographically as there are large populations of Hispanics of different ethnic composition in major metropolitan areas. For example, the Los Angeles-Long Beach Metropolitan Area Hispanic population is 78% Mexican while 22% are of other ethnic origin. The Miami Metropolitan Area Hispanic population consists of 54% Cuban descent while other Hispanic ethnic groups represent less that 6% each, demonstrating that not only are metropolitan areas diverse, but, the Hispanic populations within these areas also exhibit a certain degree of diversity as well. This shows a strong need for firms to consider country of origin and familiar brands when developing their marketing and sales strategies. For example, Grupo BIMBO is a strong Mexican brand which produces bread and bread-related products. As a part of their strategy to serve the growing Hispanic population in the U.S., they have bought American-owned bakeries and taken advantage of co-branding their products so that they will appeal to brand loyal Mexican populations and continue to serve their current markets. This shows that with the proper sales strategy, firms are able to better serve and better reach these Hispanic markets. The panel will address the current state of firm’s strategies around topics such as selling, branding, representation on the shelf, product ideation, and labeling.

From a firm perspective, the implications for selling strategies, salesperson recruiting and training, and product marketing efforts can be significant. However, where do things stand today with CPG firm’s Hispanic-specific sales and marketing practices in reaching this market? As the Hispanic population grows, firms must consider adapting to the language and cultural norms of Hispanic populations who demonstrate different levels of acculturation. For example, being able to speak the same language as the Hispanic populations you serve is important, but, understanding the culture is just as important. Sharing a common language, whether it is English, Spanish, or Spanglish, demonstrates to the Hispanic consumer that firms are responding to their personal needs. However, understanding the culture can be even more vital for firm success. In fact, culture is now considered the new currency for growth opportunities (Llopis 2013). For example, many Hispanics continue to celebrate holidays from their homelands, i.e. Mother’s Day in Mexico is always celebrated on May 10th no matter the day of the week, while
Mother’s Day is officially celebrated in the U.S. on the second Sunday in May. Further, Hispanic populations may or may not choose to adopt traditional American holidays. Culture will be the key for not only direct consumer sales and marketing, but, also for those who deal in personal sales and selling to Hispanics. Because of the importance of varied industry perspective on the sales and marketing practices related to this demographic, representatives from leading CPG companies will be invited to join the panel to add value to the discussion and respond to session attendee questions.

Overall, this special session will focus on advancing key questions related to the understanding of the evolutionary state of selling and marketing to the Hispanic demographic. Prominent issues and topics will be discussed within the context of the consumer packaged goods market and supported by a diverse panel of both sales and marketing academic researchers as well as CPG firm representatives. The session seeks to improve the understanding and perspective about the current state and direction of the CPG industry’s Hispanic-focused marketing and sales practices, resources and capabilities. Are CPG firms where they need to be or still have far to go in the evolution of their sales and marketing practices to more effectively connect with the Hispanic demographic?

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KEY WORDS: Hispanic Consumers, Sales, Sales Strategies, Marketing, Consumer Packaged Goods

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IDENTIFYING THE SKILLS THAT EMPLOYERS SEEK IN COLLEGE GRADUATES AND STRATEGIES FOR TEACHING THESE SKILLS IN THE CLASSROOM

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EXTENDED ABSTRACT

Universities often hear questions from their constituents about the impact of money spent on education on the outcomes from that education process. One important constituent group that all universities deal with is the employers of college graduates. Identifying the skills that employers are seeking in college graduates and also identifying strategies for developing those skills in college students is therefore an important topic that all faculty members must address.

A primary purpose of this session is to highlight the results from recent focus group research that was designed to identify the skills that employers are seeking in college graduates. Employers were asked to identify the important skills that future employees should have, and employers were also asked to rank the importance of each of these skills. An additional purpose of this session is to begin a discussion to identify strategies for teaching these skills in the classroom. This promises to be an interesting session with the potential for active participation among attendees.

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IMPLICATIONS FOR HOW FEAR OF REJECTION CAN IMPACT SALES CALL RELUCTANCE

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ABSTRACT

This study considers the interaction between sales call reluctance and the fear of rejection. Call reluctance refers to the hesitancy to actively prospect for new clients. Addressed is the fear associated with rejection and why it can demonstrate itself in the form of call reluctance behaviors. This paper also incorporates recommendations for overcoming call reluctance and nine propositions for further study.

INTRODUCTION

The purpose of this study is to consider the association between sales call reluctance behaviors and the impact that salespeople experience when affected by the fear of rejection. Call reluctance is believed to negatively impact the motivational drive of salespeople. The premise of this discussion is that the specific fear of rejection salespeople have when interacting with prospects is a key driver of call reluctance. This paper addresses the fear associated with call rejection in addition to identifying pragmatic recommendations derived from the discussed literature review of ways to overcome call reluctance.

LITERATURE REVIEW

The Impact of Rejection on Call Reluctance

Call reluctance can be defined as the hesitation salespeople have when they are initiating contact with a prospect. The hesitancy occurs when salespeople are attempting to cold call, set an appointment or ask for a referral from a customer or network contact (Dudley and Goodson, 2007). Many salespeople experience fear of self-promotion. They have a fear of rejection when presented with the task of trying to convince someone whom they do not know to become an interested prospect (Dudley, et al 1993). When the fear of self-promotion impacts sales performance, salespeople typically are exhibiting call reluctance. As a result, they are generating an unnecessarily low amount of prospecting activity as well as inconsistent prospecting behaviors (Dudley, 2008). Based on the research of Dudley and Goodson (2007) their combined studies indicate 80% of salespeople who are not successful in their position during the first year, performed poorly due to an insufficient level of prospecting activity. Their research also indicates that 40% of highly experienced sales professionals will also experience periods of substantial levels of call reluctance, negatively impacting their performance.

The anxiety affecting call reluctance can be associated with a fear of being rejected and negatively evaluated by prospects and customers. As Verbeke and Bagozzi point (2000) out, this is related to having a desire to avoid actions in selling (such as cold calling) with possible negative consequences. However, sales rejection is a natural part of the sales process in part because not all prospects will see or have a need for products and services presented to them. McMahon (1981) makes the argument that the most difficult part of professional selling is dealing with rejection. From his perspective, it is the fear of rejection associated with selling in which people view the role of professional selling to be a lower status form of work compared to other occupations. The frequency in which salespeople are impacted by rejection can be considered a form of ego punishment. McMahon's recommendation is that sales management needs more ably equipped salespeople to overcome negative reactions causing sales call reluctance. Possibly, sales managers need to be able to be able to better prepare sales people on how to address sales rejection.

Call reluctance can lead to a reduction of prospecting efforts which in turn may lead to lower sales productivity. Kerry (2011) takes the perspective that both experienced and less experienced salespeople are affected by call reluctance. Call reluctance can sabotage salespeople who find prospecting for new customers emotionally challenging. Salespeople who actually are fearful of rejection, according to Tracy, 2012, become so focused on not offending prospects and customers that fail to move the sale forward. Tracy recommends making efforts to develop greater empathy toward the client/prospect in addition to a more intensified level of ambition for the purpose of focusing on making the sale. Medlyn and Minnick (1989) claim that up to 80% of salespeople fail because of a lack of prospecting activity. In stark contrast, they
state that salespeople who have overcome call reluctance behaviors sell up to five times more than their call reluctant cohorts.

Is the hesitancy to prospect or have call reluctance due to a lack of desire to succeed? According to Dudley and Goodson (1988), almost half of entering salespeople in the insurance industry are not even aware they are affected by call reluctance. At the onset, call reluctance could be confused with other problematic behaviors such as the lack of desire to succeed. Call reluctance, as opposed to low motivation is evidenced through a desire to succeed. These salespeople are concentrating on a specific and realistic goal, yet through their hesitancies, they are taking away from their potential success. Call reluctance is not reserved for the new salesperson. Grimes (1991) states 40% of veteran life insurance producers claim to have at least one if not more episodes of call reluctance each year. The harm that call reluctance produces is that it affects a salesperson's capacity to consistently prospect.

**Strategies for Reducing the Level of Call Reluctance Behaviors**

One of the most respected sales development specialists in the field, Bill Brooks (2003) provides recommendations for overcoming call reluctance. His points include having a good feeling about the prospects that are being called on. This can happen by doing preliminary research on prospects prior to the first appointment. Have a strong product belief on what is being sold. Develop intense product knowledge with a clear understanding of how features are translated into meaningful benefits in order to know how to communicate product quality, value and performance. Brooks states that this will enhance self-confidence and give an opportunity to demonstrate trust. Salespeople should recall past successful sales calls and anchor on what went well with those calls and utilize that information as a form of mental rehearsal for future calls. Lastly, the practice of mentally relaxing prior to making call can put salespeople in a more positive frame of mind enabling them to have more focused and productive calls.

Sales call reluctance can be viewed as a mental block in the belief structure of a salesperson. According to Douglas (2012), the fear of a negative result and apprehension can freeze a salesperson from taking action. To varying degrees call reluctance affects the majority of salespeople. If a salesperson believes that particular prospecting activities will not lead to successful outcomes in terms of engaging with enough qualified leads and prospects, what is the justification for engaging in the activity? In this case, it is the belief structure that is driving the inactivity based on a fear rejection. Douglas claims that a shift needs to take place in the thinking process of salespeople in order to have a positive prospecting experience. One of the ways to accomplish this is for salespeople to engage in prospecting more systematically, on a routine scheduled basis. The new prospecting level of activity can initially start moderately with the critical component being the consistency of the activity. Additionally, salespeople should look at prospecting as an actual money generating activity in and of itself. Douglas suggests analyzing how many contacts are required to be made that will ultimately convert into one sale. Divide the compensation made from the typical sale into the contacts required to achieve the sale to arrive at the actual value of each contact made.

How can salespeople become more comfortable with getting uncomfortable? Gager (2004) argues that the underlying reason why call reluctance exists and is prevalent among many salespeople is simple discomfort. Those prone to call reluctance are not comfortable with the likelihood of being rejected nor are they fully capable of effectively conducting calls leading to new additional business. His proposed behavioral changes for salespeople include understanding their fear and communicating concerns with a colleague or accountability coach. Monitor the progress of one's sales goals to determine the level of prospecting activity required for goal achievement. Gain an understanding of how many sales are required to be made and the level of activity to achieve those sales. Have a clear sense of the target market and identify target organizations that would be most highly qualified, in turn making it easier to prospect more confidently. Salespeople should develop an approach for contacting prospects that is natural to their own selling style and that can be conducted on a persistent basis that is increased over time.

There are strategies that can be identified and utilized to help reduce call reluctance and the hesitancy to prospect. McCarty (2001) has identified four activities designed to specifically help overcome call reluctance. These include concentrating on success in terms of what is personally meaningful to the individual salesperson. Secondly, rehearse the sales call often with the particular desired outcome in mind. As has been discussed earlier, begin prospecting activity at a more moderate level that can be done on an ongoing basis. Perhaps most importantly, it is crucial that the salesperson believe they deserve success. This mental mindset is a crucial motivating factor to help propel prospecting activity and increase closing ratios.

**Fear of Rejection**
The relationship between call reluctance and the fear of rejection has been identified as a key element to hindering sales performance. Based on the work of Garmaise (2013), fear of rejection is the underlying reason as to why call reluctance is so prevalent among sales professionals. To her, the inner dialogue of having to confront rejection likely often stems from childhood in terms of the fear of loss and fear of acceptance. Garmaise’s recommendations for addressing call reluctance include the recognition that initial rejection is typically not personal but rather that the value discussed is not yet recognized by the prospect. Salespeople need to identify what part of the prospecting activity is actually being rejected. As professionals, prospects have multiple responsibilities they are balancing and may not have given the call request any serious consideration. This is quite different from a prospecting effort being turned into rejection. If a prospect does communicate “no” to a request for an appointment or to move the sale forward, this response may be the norm. However, an initial rejection does not mean that the prospect will not have future needs. Prospects work within a set of continually changing business environments in which their needs can and will change. Following up with prospects in a consistently professional manner according to Garmaise is crucial for salespeople to demonstrate the value proposition to prospects that can lead to high levels of completed sales.

Rejection fear is exasperated when it occurs chronically. Salespeople markedly affected by rejection are often occupied by sales related activity outside of actual prospecting according to Lousig-Nont (1997). This can include planning and preparing for sales calls along with researching prospects rather than actually reaching out to them. In contrast, the behaviors of salespeople who are not affected by the fear of rejection welcome the opportunity to communicate their product message at every available opportunity. Lousig-Nont (1997) states that the root meaning of the word rejection is to draw away from or refuse. In a selling context, the refusal is typically focused on the product rather than the person. However, such refusal can make salespeople feel inferior and fearful of rejection. Lousig-Nont’s recommendation is for salespeople to simply do what they have been avoiding, regardless of how poor the execution is at first. The act of doing will improve the prospecting effectiveness and the rewards will ultimately outweigh the fear.

**PROPOSITIONS FOR FUTURE STUDY**

I. Higher performing salespeople will experience lower levels of call reluctance than lower performing salespeople. (Performance as measured on sales revenue generated and personal income received)

This particular proposition is one of the foundational premises for future study. Lower levels of call reluctance will likely result in a willingness to execute higher levels of prospecting activity. Additional prospecting generation should provide salespeople with a greater pool of qualified prospects with which they can engage.

II. Higher performing salespeople will experience lower levels of fear of rejection than lower performing salespeople.

This proposition would test the argument that a salesperson’s personal fear of being rejected by prospects and customers is a driving reason for greater levels of call reluctance. Provided that the more significant amounts of call reluctance results in lower prospecting activity, sales performance potential would be reduced due to the limited amount of qualified prospects available to the salesperson.

III. Salespeople who spend a greater amount of time invested in professional sales development/sales training activities will experience lower levels of call reluctance than lower performing salespeople.

Ongoing professional sales training and sales development can provide salespeople with the opportunity to improve their skill sets within each facet of the sales process. Additionally, sales development can also address the underlying principles of call reluctance by providing recommendations to salespeople based on what others have done successfully to move past call reluctance.

IV. Salespeople who believe their sales activities lead to high amounts of compensation will experience less call reluctance than salespeople who believe sales activities do not lead to high amounts of compensation.

This proposition addresses the belief structure of salespeople. Expectancy theory would indicate that a high level of confidence that the activity initiated will lead to results. A salesperson's belief that focused increased prospecting activities of sales professionals should generate greater levels of “activity” effort leading to higher levels of performance.

V. Salespeople who possess high levels of product knowledge will experience lower levels of call reluctance than salespeople who possess low levels of product knowledge.

Specific product knowledge of how relevant features can be translated into meaningful benefits builds product belief. This in turn builds the confidence of a salesperson, which translates into lower levels of call reluctance and greater degrees of
prospecting activity. To the extent that product knowledge can be appropriately utilized to address the needs of prospects, call reluctance will be reduced. Salespeople with strong product knowledge can more proactively call on prospects confident that they can address their questions and concerns.

VI. Salespeople who develop a prospecting system that encourages consistency (regardless of prospecting approach) will have lower levels of call reluctance than salespeople who do not a specific prospecting system. As indicated in the literature review, consistency of prospecting can be considered more important than the amount of prospecting done at any one period of time. Taking steps to prospect consistently can build sales behavioral patterns. The act of prospecting itself will produce successes that can be replicated. Salespeople will be able to learn from their experience what aspects of prospecting leads to a greater number of set appointments for example. A prospecting “system” provides a greater opportunity to have at least a moderate amount of consistent prospecting effort in contrast to less consistent bursts of prospecting activity.

![Figure 1 Model of Propositions for Future Study](with positive and negative relationships to the sales behavior of call reluctance)

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MUTUAL RESPECT AND MUTUAL TRUST WITHIN CHANNELS OF DISTRIBUTION

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EXTENDED ABSTRACT

This manuscript reports the results of a national survey of sales managers regarding the relationship of their firm with its distributors. We examine the relationship between two variables, mutual respect and mutual trust, within channels of distribution. Definitions of trust vary within the literature such that the construct may or may not be considered to incorporate consideration of respect, competence, and likability. Accordingly, we first evaluate the psychometric properties of the scale items allowing for the possibility that the items intended to measure mutual respect, trust, likability, and competence may measure only one construct or up to four constructs. As described in greater detail in our discussion of the results, the scale items that we employ split into two factors: mutual respect and mutual trust. We then proceed to consider the possible correlation of the two variables.

Specifically, objectives of the empirical study are stated in three parts. We (1) consider the possibility that mutual respect is a part of mutual trust, in the perception of the manufacturers. We then pursue the possibility that mutual respect (2) is a separate variable from mutual trust, and (3) is correlated with mutual trust.

Results and implications, limitations, and suggestions for future research are provided along with tables for the factor analysis and the reliability analyses. Consideration of causality between mutual respect and mutual trust is not considered as a part of this study.

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DO BRANDS TARGETING WOMEN USE INSTAMARKETING DIFFERENTLY: A CONTENT ANALYSIS

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ABSTRACT

This study examines the use of Instagram marketing efforts of five retail companies that specifically targets female consumers. The purpose of the study was to determine if companies that target women use a different social media strategy than companies that target the general population. The analysis was performed using content analysis. The results of this study, when compared to the results of a previous study, suggest that there is a difference between how retail companies that target women use Instagram for marketing, specifically, the brands that specifically the brands that target women primarily used a sales response strategy whereas brands targeting the general population primarily used an emotional strategy.

INTRODUCTION

Marketing is how companies let consumers know what they are selling. Before the Internet, companies used radio advertising, television advertising and printed media to promote products and their brands. After the Internet became a stable medium, companies sought ways to target customers who minimized the use of the three previously mentioned channels in favor of spending time on the Internet. Today, companies can target marketing efforts of individuals by collecting a person's web browsing history, monitor comments made in chat rooms and amongst members of online communities and to accumulate other identifying information via Internet cookies and web server logs without consent of the user (Rose, 2001). Online communities, or social networks, are a particularly popular channel for brand specific marketing efforts.

Social media, which is defined as communication media aimed at or characterized by the interaction between its’ participants or consumers, are an outgrowth of online communities. (Kalama, Mitchell & Lester, 2009). Social media have become a popular Internet channel for brand marketing. Social media marketing, also known as word-of-mouth marketing, viral marketing, buzz, and guerilla marketing is the intentional influencing of consumer-to-consumer communications by professional marketing techniques. Companies are developing their approach to the customers, shifting from traditional one-to-many communication to one-to-one approach, using some of the same information used in basic Internet use such as comments, browsing history and cookies. (Cvijikj and Michahelles, 2011) Thus, companies are turning to social media as a marketing tool because they can connect with their existing consumers in new ways and, perhaps, extend their customer base by reaching new people (Long, 2011).

There is a considerable amount of research into the marketing practices being performed on social networks. For example, De Valck, Van Bruggen and Wierenga (2009) performed extensive research on the use of MySpace and Facebook by different brands to reach and interact with customers and found that brands that were successful were so because they were able to interact and get input from customers. Tuten (2008) examined the use of several social media for marketing and found that Facebook offers the most strategic values for brands, by placing targeted advertisements on the profiles of users and sponsored messages on newsfeeds and letting brands create profile pages. Cvijikj and Michahelles (2011) studied the use of Facebook, and found that indicate that Product, Sales and Brand are the three most discussed topics, while Requests and Suggestions, Expressing Affect and Sharing are the most common intentions for participation when companies engage consumers in the social media environment. Goor’s (2012) completed a master’s thesis on the use of Instagram as a marketing tool and found that product representation brands and symbolic brands are prominent users of Instagram, and frequently use persuasion, self-efficacy, relational, emotion and symbolism strategies. The Goor study focused on a general selection of brands. This study narrows the Goor study and adds to the marketing body of research by analyzing the use of Instagram as a marketing tool by brands’ use of the application to target women.

THEORETICAL BACKGROUND
Marketers currently use interactive marketing via the Internet in a variety of ways including but not limited to banners, sponsorships, pop-ups, targeted ads and sponsored searches. (Thackeray et al. 2008) Gillin (2009) claims, unlike traditional one-sided marketing on the Internet, social media opened a two-sided communication between the company and the consumer, allowing companies to engage users in a variety of ways including but not limited to input into proposed products, preferred sales channels and even product quality through online ratings and reviews. The use of social media allows for a deeper engagement with the customer than any of the previous “one sided or one dimensional” methods such as advertisements by engaging customers through participating in contests, campaigns and promotions as well as create user content such as reviews. (Goors, 2012) Shukla (2010) suggests that this cooperation leads to a better relationship between brand and consumer. The advantage of a better relationship is that it strengthens brand loyalty, which leads to a higher purchase intention (McKenzie et al., 2009).

It is expected that the conveying of a brand’s values and identity leads to an increase in followers, likes and comments. Brand identity is defined by Aaker (1996) in the following way: “(Brand identity is) a unique set of brand associations that the brand strategist aspires to create or maintain.” The conveying of a brand’s identity is a vital part of the brand experience, which leads a customer to better understand a brand and its’ goals and values. A consumer learns more about a brand, and feels like they know and relate to the brand on a personal level. It is therefore expected that the clear conveying of a brand’s identity in a brand image leads to more followers, likes and comments. (Goors 2012)

This research is relevant because in general, marketers are increasingly using social media to reach customers and market their products. Using information from brands both popular and successful with women can inform other such companies of ways to target that population. An analysis of the marketing strategies that are used on Instagram also provides more insight into practical implications for brands using social networks, especially Instagram, for marketing purposes especially as it relates to reaching a particular demographic. Also, this research adds to academic research into the use of social media for marketing purposes.

RESEARCH RELEVANCE AND METHODOLOGY

As mentioned earlier, though there has been a lot of research on social media marketing, little has been done on the use of Instagram. Goor established that Instagram is used by several mainstream brands and documented the ways in which it is used. This study extends research on Instagram marketing by evaluating brands that specifically target women and attempts to answer the question “Which types of brands targeted to women use Instagram as a marketing tool, what are the marketing strategies that are used and which strategies are most successful?” To be able to answer this question, a content analysis of five brand feeds were evaluated using the methodology used by Goors.

Five brands that target women were selected at random from a list of companies that primarily target women under the age of 49. This age limitation is based on Zickuhr and Smith’s 2012 Pew Charitable Trust Report Digital Differences. The selected brands were Topshop, Charlotte Russe, Wetseal, Zara, and Forever 21. The number of followers for each brand is listed in Table 1: Instagram Followers by Brand:

<table>
<thead>
<tr>
<th>Brand</th>
<th>Followers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Topshop</td>
<td>1.44M</td>
</tr>
<tr>
<td>Charlotte Russe</td>
<td>100k</td>
</tr>
<tr>
<td>Wetseal</td>
<td>60k</td>
</tr>
<tr>
<td>Zara</td>
<td>644k</td>
</tr>
<tr>
<td>Forever 21</td>
<td>1.88 M</td>
</tr>
</tbody>
</table>

A content analysis was conducted on the mobile content social network Instagram. Content analysis is defined as “a systematic analysis of the content rather than the structure of a communication, such as a written work, speech, or film, including the study of thematic and symbolic elements to determine the objective or meaning of the communication.” (Bryman, 2001, p. 178), or “any technique for making inferences by objectively and systematically identifying specified characteristics of messages (Bryman, 2001, p. 178). This technique was chosen because this was the process used by Goor in their study of general brands.

Photos were analyzed to identify possible existing brand strategy characteristics in these photos. These characteristics were operationalized in a codebook, divided into several brand and brand strategy categories: brand typology, traditional marketing strategies and social media marketing strategies. By doing statistical analyses, the expectations were accepted or rejected. Lastly, the research question was answered by interpreting the results of the analyses. Goor published the codebook as part of the overall thesis and is available upon request. The codebook was used to characterize the brands used in the current study. Brands were characterized based on one brand typology and were scored on a scale of 0 to 5.
These strategies were categorized into measurable variables that related to photo contests, brand interactivity, the use of user-generated content, the showing of unique content and viral marketing. Lastly, brand identity was measured by analyzing brand visibility (brand name or product visibility) in the photo and the accompanying title, the visibility of brand related people, events and locations in the photo and title, the use of brand colors and the use of a brand identity description in the brand feed’s profile. The results of the analysis were entered into Excel and statistical analyses were performed to be able to address the research question.

Description of the Strategies Analyzed

The study uses the six strategies used by Goor. The strategies and their descriptions are repeated below as described by Goor (pp. 19-23). The strategies are from the Integrative Framework for Effective Communication by Bas van den Putte (2002).

Marketing based on persuasion strategy targets instrumental beliefs with regard to buying. The persuasion strategy is commonly used to convince a consumer to buy a brand’s product, and to enlarge the brand’s customer base. To be able to do this, the brand gives out (new) product information and applies branding strategies to increase the brand and product awareness of the consumer.

Self-efficacy strategies are used when there is a need to convince a consumer of his or her ability to perform a certain behavior. The use of the self-efficacy strategy is explained by the fact that, by showing users the lifestyle they could have when wearing a certain outfit, they are encouraged to buy the product and also engage in this lifestyle.

Sales Response Strategy is meant to encourage the consumer to immediately purchase the product after seeing the advertisement, or to gather information about the brand or the product. The main goal is to increase brand awareness.

The relationship strategy is directed at moral norms, values, and personal identity. Its’ goal is to relate products to an identity by conveying a brand personality. Through the purchase of the product, the consumer reaches her or his own goals. The brand is seen as a person to which a consumer can relate.

The emotions strategy concentrates on influencing the affective beliefs. Emotions strategies are applied when it is important to associate a product with certain emotions that are felt when using the product. This strategy is used to differentiate a brand from other brands when there are no functional differences between products.

Symbolism strategies are applied when it is necessary for a brand to convey a certain identity or lifestyle. It is not about showing the product; it is about showing a brand’s image.

The Goor study concluded that general brands primarily used an emotion strategy followed by symbolism strategy. Using the results from the Goor study, the hypothesis for this study is that brands that target women that use Instagram for marketing would also primarily use an emotion strategy, followed by a symbolism strategy.

Analysis

So that the results could be compared to that of Goor, the same analyses were conducted, namely means and standard deviations. Table 2 shows the results from the Goor study.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Mean</th>
<th>StDev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotions</td>
<td>0.71</td>
<td>0.19</td>
</tr>
<tr>
<td>Persuasion</td>
<td>0.17</td>
<td>0.18</td>
</tr>
<tr>
<td>Relationship</td>
<td>0.19</td>
<td>0.24</td>
</tr>
<tr>
<td>Self-efficacy</td>
<td>0.25</td>
<td>0.22</td>
</tr>
<tr>
<td>Sales response</td>
<td>0.31</td>
<td>0.13</td>
</tr>
<tr>
<td>Symbolism</td>
<td>0.64</td>
<td>0.31</td>
</tr>
</tbody>
</table>

The results from the analysis of brands targeting women are shown in Table 3.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Mean</th>
<th>StDev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emotions</td>
<td>0.60</td>
<td>0.50</td>
</tr>
<tr>
<td>Persuasion</td>
<td>0.57</td>
<td>0.50</td>
</tr>
<tr>
<td>Relationship</td>
<td>0.50</td>
<td>0.51</td>
</tr>
<tr>
<td>Self-efficacy</td>
<td>0.25</td>
<td>0.44</td>
</tr>
<tr>
<td>Sales response</td>
<td>0.67</td>
<td>0.49</td>
</tr>
<tr>
<td>Symbolism</td>
<td>0.45</td>
<td>0.51</td>
</tr>
</tbody>
</table>

RESULTS & DISCUSSION

The purpose of this study was to explore if brands targeting women used Instagram marketing differently than brands targeting the general population. The results in Table 2 and Table 3 show the means and standard deviation for the analysis. The results indicate there is more variability in the use of strategies of brands that target women than those for the general
Further, based on the mean, brands that target women appear to prefer the sales response strategy, followed by the emotions strategy. Interestingly, both studies had the same mean for self-efficacy. What the results suggest is that women may be more prone to impulse purchasing than when it comes to clothing as this study was limited to retail stores, or making purchases because of the connection to a particular value or belief, e.g., commitment to breast cancer. Based on the results of the content analysis, the hypothesis that retail brands that target women use Instagram the same as general brands that target the general population must be rejected.

LIMITATIONS

This study, while providing some promising results, is limited in that only five companies were analyzed and the data from the thesis was not validated in conjunction with this study. While the results suggest that companies targeting women may want to focus on sales response strategies when using social media, the results are only valid for a particular segment of the brands, that is, clothing. Further analysis needs to be done to determine specific demographic groups within women these stores target, e.g., teenagers versus misses versus women, Hispanic versus Blacks versus Immigrants versus whites, and so forth. Additional analysis needs to be conducted on where women are in their “lives” as values and priorities change. For example, would companies that focus on health that also target women also benefit from a sales response strategy or emotion strategy? Would an analysis of brands that target men also have the same or similar results? And lastly, would a larger sampling of companies provide different results? These questions are the next step in this research.

REFERENCES


THE USE OF VOLUNTARY PUBLIC DISCLOSURE AND PATENTING STRATEGIES TO CAPTURE VALUE FROM PRODUCT INNOVATIONS

Sharon D. James, Ohio State University

ABSTRACT

Firms make tradeoffs in voluntarily and publicly disclosing proprietary information. On the one hand, disclosures can deter competitive entry into a technology space by signaling a technological advantage. On the other hand, such disclosures might signal technological opportunity and encourage competitors to develop competing product innovations. By examining the association between competitors’ disclosures and firms’ patent applications, this study identifies conditions under which disclosure can be an effective mechanism in helping firms to capture value from innovation through a patenting strategy. Theoretical predictions are tested on a sample of 322 publicly traded firms between 1991 and 2004.

INTRODUCTION

Publicly traded firms face a dilemma in disclosing qualitative information about their intermediate R&D accomplishments. On the one hand, firms might disclose such information because they need financing and seek to reduce their cost of capital. By reducing uncertainty of innovation outcomes, disclosure helps investors to make better estimates of future profits from innovation. As a result, greater disclosure reduces a firm’s cost of capital. On the other hand, disclosing such information may expose a firm to greater risk of competitive entry that reduces its competitive advantage. As such, some firms may have strategic motivations to withhold information about their innovative efforts. Given this paradox of disclosure (Arrow, 1962), the influence of disclosure on a firm’s competitive advantage and profits from product innovations is an important consideration for top managers who establish and implement disclosure strategies on behalf of the firm. Yet we have too little work in this area. This study examines how firms can effectively manage these potential tradeoffs in the context of competitive patenting in the same technology areas.

For some firms, disclosing proprietary information about product innovations may make their strategies more transparent and reduce their profits (Cohen, Nelson, & Walsh, 2000; Levin, Klevorick, Nelson, & Winter, 1987; Winter, 2000). In such cases, disclosure might help competitors benefit from lower innovation costs or the time to develop and patent a product innovation (Bhattacharya & Ritter, 1983; Choi, 1991; De Fraja, 1993). The net result is that disclosure can reduce a firm’s technological advantage in a race to patent an innovation ahead of rivals. Therefore, some firms may have strategic motivations to withhold information about product innovation activities (Arndel, 2001; Katila, Rosenberger, & Eisenhardt, 2008). However, for firms that have technological capabilities that reduce the risk of preemptive patenting by competitors, the tradeoffs managers face in publicly disclosing proprietary information will be lower for three reasons. One, for such firms disclosing their technological strengths will likely not enable competitors to replicate their R&D strategies or leapfrog their efforts to patent innovations (Dierickx & Cool, 1989; Ethiraj & Zhu, 2008). Two, for firms that have significant learning or lead-time advantages, disclosing their advantages may deter competitors from entering the same technology space (Polidoro Jr. & Theeke, 2012). Three, for firms that face a more competitive technology environment, broadcasting their R&D accomplishments might expand profit opportunities via cross-licensing or other cooperative arrangements (Harhoff, Henkel, & von Hippel, 2003). This study examines these potential deterrence and attraction effects of voluntary public disclosure on a sample of 322 firms in the pharmaceutical and communications equipment industries. The focus is on the impact of voluntary public R&D disclosures during the early stages of R&D before a firm would have filed for a patent on a given innovation and in the period during which managers would likely be more

1 The financing motivation for disclosure has been extensively explored in accounting and corporate finance research. For a comprehensive review, see (Healy & Palepu, 2001)
concerned with competitive patenting in the same technology space. Patent applications are used as a competitive outcome of interest because prior research has shown that a firm’s patent stock is considered to be an important source of competitive market advantage (Gans & Stern, 2003; Jaffe, 1986; Lerner, 1994; Somaya, 2012).

COMPETITIVE EFFECT OF VOLUNTARY PUBLIC DISCLOSURE ON PATenting

Prior research suggests that credible R&D disclosures may help firms achieve a sustainable competitive advantage in developing and profiting from cutting edge technologies (Harhoff, 1996; Harhoff et al., 2003). An important implication of this research is if disclosure influences competitors’ R&D activities in the same technology space, a firm that credibly signals a technological advantage may reduce rivals’ development and patenting of competing product innovations. However, few studies have explored this possibility.

A recent study investigated plausible motivations for voluntary public R&D disclosures outside of the patent system (James & Shaver, 2013). The results are consistent with firms that have a technological advantage having strategic motivations to disclose and highlight the need for more research on the competitive implications of such disclosure.

Some firms might disclose their advantages to deter competition in strategic factor and product markets. Other firms may disclose to encourage development of complementary product innovations or to attract cross-licensing partners that control capabilities they need to profit from a product innovation. If R&D disclosures are indeed strategic and have the intended effect on competitors’ product innovation activities, then we would expect to observe competitive outcomes that are favorable to the disclosing firm. The following discussion outlines the effects of industry and firm attributes on competitors’ patenting in the same technology space.

Industry Competitiveness

The characteristics of the industry in which a firm operates may dictate the effect of voluntary public disclosures on competitors’ patenting in the same technology space. One important factor is whether the disclosing firm’s industry has strong patent protection. An industry has a relatively strong IP regime when owning patents inherently provides a stronger defense against imitation or legal challenges from competitors. For example, in discrete product industries such as the pharmaceutical industry one patent tends to map into a given product innovation, and owning that patent provides a relatively strong intellectual property right to the owner, all other things equal. However, in complex product industries, such as communications equipment, a product innovation tends to consist of many patents, some of which may not be owned by the firm (Cohen, Goto, Nagata, Nelson, & Walsh, 2002; Cohen et al., 2000). Consequently, a given patent provides relatively weak IP protection for two reasons. First, it may be more difficult for a firm to make a broader claim of novelty for a patented technology and as a result that technology may be easier to invent around. Second, absent a cross-licensing agreement, other firms that own patents on similar technologies may make a claim of infringement against the firm. For instance, in 2000 NTP, Inc. filed a lawsuit against Research in Motion (RIM) for infringement against NTP’s patents on technologies similar to RIM’s patented technologies in the Blackberry® wireless email system. After an appeal of NTP’s claims, in 2006 Research in Motion paid NTP $612.5 million to settle the dispute.

In sum, the inherent strength of legal protection within an industry influences the strength of a firm’s patents and thus its technological advantage over rivals. It follows that the strength of patent protection within an industry likely influences whether public disclosures will deter competitor’s subsequent patenting in the same technology space. For firms in industries with relatively strong patent protection, disclosures are more likely to result in competitors patenting fewer similar product innovations. Because firms in such industries have a stronger defense against potential legal challenges of their patents and are more likely to prevail in patent infringement disputes, disclosing technological advantages will likely deter competitive entry. In contrast, firms that operate in industries characterized by relatively weak patent protection would likely face greater competition after publicly disclosing proprietary information. Because firms in these industries have a relatively weak defense against potential legal challenges and are less likely to prevail against patent infringement claims, disclosures that signal technological opportunities to competitors that have a similar technology profile are less likely to deter entry.

Firm-specific Advantages and Competitive Patenting

Firms may be motivated to disclose proprietary R&D information because they have internally developed a strong defense against competitive entry into the same technology space. This firm-specific appropriability may stem from lead time and learning.

curve advantages that help firms to patent around core technology areas to wall off those areas (Denicolol & Alberto Franzoni, 2004). Such defensive patenting makes it more difficult or costly for competitors to replicate the firm’s R&D strategies. To the extent that a firm has internally developed a strong defense against competitive entry, voluntary public R&D disclosures will likely deter competitors from developing and patenting innovations in the same technology space.

The deterrence effect of disclosure will be more prominent in cases where a lead-time advantage is an important mechanism for profiting from innovation, and accelerating R&D spending over a shorter time period does not achieve the same R&D output as maintaining a given rate of R&D spending over a longer time period. These time compression diseconomies make it unprofitable for rivals to redirect R&D spending into more promising areas highlighted by disclosures from firms that have lead-time advantages (Dierickx & Cool, 1989). Under these conditions, rivals are less likely to engage in direct competition with the disclosing firm. However, for firms that do not have internal capabilities that make competitive entry into the same technology space more difficult disclosure will likely have an unintended negative competitive effect.

Another possibility is firms might disclose to broadcast their capabilities and attract trading partners with the ultimate goal of increasing profit opportunities. This motivation is likely in cases where firms face a more competitive landscape where other firms control complementary technologies or other capabilities (i.e., specialized manufacturing, sales, or service capabilities) that are necessary to commercialize an innovation. In such cases, disclosing technological accomplishments may help the firm to accelerate the commercialization of an innovation. Firms may also disclose early technological breakthroughs to lead the development of a new technological standard or to develop a new customer base for a breakthrough product innovation (Harhoff et al., 2003; Spencer, 2003).

The foregoing discussion leads to the following conjectures about the effect of voluntary public disclosure on competitors’ patenting in the same technology space. One, for firms that operate in industries characterized by relatively strong patent protection, R&D disclosures decrease patent applications by competitors in the same technology areas. However, for firms that operate in an industry with relatively weak patent protection, we would expect the opposite effect. By disclosing their R&D strategies, firms in such industries would make it easier for competitors to develop and patent innovations in the same technology space. Therefore, absent other motivations to disclose such as to attract licensing or alliance partners, for firms in an industry with relatively weak patent protection secrecy would be a more effective mechanism for protecting profits from innovation. Two, holding industry level appropriability constant, firms that have a strong internal defense against competitive imitation might also deter competition by disclosing. By developing and patenting innovations around core technology areas, such firms can make it more costly for others to replicate their R&D strategies without adequate compensation. For firms that do not have this strong technology position, disclosing proprietary information about technological opportunities would likely attract competitive entry. The next section empirically examines the effect of industry and firm-specific characteristics on competitive patenting in the same technology space.

**EMPIRICAL ANALYSIS**

**Data and Sample**

The research setting is all firms that operate in the global communications equipment (SIC codes 3661, 3663, and 3669) and pharmaceutical preparation (SIC 2834) industries and trade stocks on a US exchange over the period 1990 to 2004. These industries are investigated because they differ significantly in the inherent strength of patent protection. This distinction stems from the tendency of products in the pharmaceutical industry to consist of relatively few patentable elements (i.e., discrete product technologies) compared to firms in the communications equipment industry where products tend to consist of a much larger number of patentable elements (i.e., complex product technologies), some of which the firm may not control.

Invoking variance in the strength of industry level patent protection allows us to distinguish between industry and firm-specific factors that drive the competitive effects of disclosure. Specifically, if the analysis shows that disclosure has opposite effects from those implied by prior research, then firm-specific factors might better explain the competitive implications of disclosing proprietary information. Alternatively, if the empirical analysis demonstrates the expected effects then industry factors likely have a strong influence on competitive patenting in the same technology space.

The sample includes all firms that have R&D expenditures at any point in the sample period and financial statement data available. Because most of the independent variables have one-period lags, this sampling process yields an initial sample of 2,790 firm year observations for 322 firms from 1991-2004. Disclosure data are drawn from all press releases issued by a firm or by others on behalf of the firm to major

**Dependent Variable**

Patent counts have been used to measure innovativeness in prior technology and innovation research. I utilize patent applications as an outcome of a firm’s technological advantage for two reasons. First, recent theoretical and empirical work suggests that internal attributes of a firm that increase their ability to capture value from innovation are more likely to generate a competitive advantage and superior performance compared to external factors such as industry patent protection. Second, owning more patents can strengthen a firm’s bargaining position when negotiating technology licensing arrangements.

Competitors’ patent applications are the number of patent applications from firms in the same technology classes as the focal firm in a given firm year. Technology classes for each patent owned by firms in the sample were drawn from USPTO raw patent data.

**Independent Variables**

R&D disclosures in a given firm year are equal to the count of all press releases containing R&D information, as discussed previously, which are coded “1”. R&D disclosures that include information about projects in the initial research phase of the innovation process and before the development or testing of a product innovation measure a firm’s ‘early-stage’ disclosures (Early-stage R&D Disclosures). R&D disclosures about projects in the initiation research phase that exclude all references to patent applications measure a firm’s research disclosures (Research R&D Disclosures).

Early-stage R&D Disclosures and Research R&D Disclosures are included as more robust measures of R&D disclosure to control for the possibility that total R&D disclosures might include information previously disclosed to the FDA or the USPTO.

To measure the effect of industry level patent protection on competitors’ patenting activities, the empirical analysis is conducted on split industry subsamples. As discussed previously, prior research has shown that industries differ in the extent to which they seek to patent innovations and the effectiveness of this mechanism for capturing value from R&D.

**Control Variables**

Publication R&D disclosures are the count of press releases that highlight publication of R&D outcomes in scientific journals. I include this measure to distinguish disclosures directly to the public from scientific publications which are not necessarily widely disseminated.

Also included are controls for important firm attributes found in previous research to have a positive relationship with disclosure – secondary offerings, self-citation ratio, R&D spending, and patent applications. Secondary Offerings measure a firm’s need for financing in public capital markets. Measured in millions of dollars, this variable is the value of secondary offerings of debt and equity securities. These data were collected from the Securities Data Corporation database of new issues.

Self-citation Ratio, measured as total self-citations divided by total citations to a firm’s patents in a given firm year, is included as a measure of a firm’s internal intellectual property protection. Self-citation ratio is an indicator of the extent to which firms build on the stock of owned technologies in developing product innovations. Despite the limitations and criticisms of patent citations, self-citation ratio represents the extent to which a firm retains the value of R&D within internal boundaries. Firms that develop and patent innovations around core technology areas (i.e., patent thickets) have a stronger internal defense against patent infringements by competitors. Self-citation Ratio is also used in sensitivity analyses to distinguish the effects of firm-specific technological advantage from an industry advantage. R&D Spending indicates the extent to which firms have different levels of R&D inputs which likely influences disclosure. Patent Applications are measured as the count of all patent filings by the focal firm. This variable is a measure of a firm’s stock of technological capabilities.

All models include the dummy variable post1995 to control for unobserved temporal effects, such as changes in disclosure requirements on firms’ patenting efforts. In 1995, the Securities & Exchange Commission increased disclosure requirements that likely influence a firm’s propensity to disclose R&D information.

**Analysis**

The regression model used to test the conjectures regresses Competitors’ Patent Applications on the independent variables and controls. A Poisson or negative binomial regression model with fixed effects is recommended to deal with dependent count variables. The variance in the dependent variable is significantly larger than the mean which indicates over-dispersion. The negative binomial specification allows us to control for this over-dispersion. However, critics argue that the
fixed effects negative binomial is not a true fixed effects estimator. Rather, this specification estimates the conditional mean using a fixed parameter to account for over-dispersion in the variance and not a true firm fixed effect in the estimation.

Because this study focuses on firm-specific factors that influence competitive patenting and the negative binomial estimator does not control for unobserved firm heterogeneity, this specification would yield biased estimates. Therefore, a fixed-effects Poisson estimator is used to test the hypotheses for the following reasons. First, this specification includes true firm fixed effects which controls for unobservable factors. Second, ‘the fixed-effect Poisson estimator has very strong robustness properties for estimating the parameters in the conditional mean’ (see Wooldridge, 2002, pages 674-675). Specifically, this method allows for over-dispersion or under-dispersion in the variance of the dependent variable and thus addresses the limitations of the negative binomial estimator.

Because the fixed effects Poisson regression excludes all firms that have zero observations for the dependent variable across all firm years in the sample, the analysis is based on a usable sample of 1,283 firm-years for 139 pharmaceutical firms and 847 firm years for 96 communications equipment firms. Two different models are estimated for the pharmaceutical subsample and the communications equipment subsample, respectively. Models Pharma1 and Comm1 include Early-stage R&D Disclosures and the control variables. Pharma2 and Comm2 replace Early-stage R&D disclosures with Research-stage R&D Disclosures.

**Results**

The first conjecture implied by prior research is that firms that operate in industries with relatively strong patent protection will indicate a negative association between voluntary public R&D disclosure and competitors’ patenting in the same technology areas. Table 2 presents the results of running fixed effects Poisson regressions on competitors’ patent applications in the same technology classes in a given year as the dependent variable.

<table>
<thead>
<tr>
<th>Table 1: Dependent Variable – Competitors’ Patent Applications, Fixed Effects Poisson Regression Results by Industry</th>
<th>Pharma1</th>
<th>Comm1</th>
<th>Pharma2</th>
<th>Comm2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Variable</td>
<td>(t-1)</td>
<td></td>
<td>(t-1)</td>
<td></td>
</tr>
<tr>
<td>R&amp;D Disclosures</td>
<td>-0.04***</td>
<td>0.15***</td>
<td>-0.11***</td>
<td>0.16***</td>
</tr>
<tr>
<td>Early-stage R&amp;D Disclosures</td>
<td>(0.005)</td>
<td>(0.005)</td>
<td>(0.006)</td>
<td>(0.008)</td>
</tr>
<tr>
<td>Research R&amp;D Disclosures</td>
<td>0.08***</td>
<td>-2.45***</td>
<td>0.08***</td>
<td>-2.36***</td>
</tr>
<tr>
<td>Publication R&amp;D Disclosures</td>
<td>(0.02)</td>
<td>(0.32)</td>
<td>(0.02)</td>
<td>(0.32)</td>
</tr>
<tr>
<td>Secondary Offering</td>
<td>0.0003***</td>
<td>-0.0003***</td>
<td>0.0003***</td>
<td>-0.0003***</td>
</tr>
<tr>
<td>Self-citation Ratio</td>
<td>0.65***</td>
<td>0.92***</td>
<td>0.65***</td>
<td>0.83***</td>
</tr>
<tr>
<td>R&amp;D Spending</td>
<td>-0.0002***</td>
<td>-0.0004***</td>
<td>-0.0002***</td>
<td>-0.0004***</td>
</tr>
<tr>
<td>Patent Applications</td>
<td>0.006***</td>
<td>0.002***</td>
<td>0.005***</td>
<td>0.002***</td>
</tr>
<tr>
<td>Post1995</td>
<td>0.001</td>
<td>1.37***</td>
<td>0.02+</td>
<td>1.41***</td>
</tr>
<tr>
<td>Log Likelihood</td>
<td>-25589.95</td>
<td>-7331.77</td>
<td>-25469.96</td>
<td>-7624.82</td>
</tr>
<tr>
<td>(\chi^2) for covariates</td>
<td>9030.24***</td>
<td>12070.55***</td>
<td>9294.19***</td>
<td>11458.32***</td>
</tr>
</tbody>
</table>

1,283 pharmaceutical firm years, 139 firms
; + p<.10, ** p<.05, *** p<.01
847 communications equipment firm years, 96 firms
The results for pharmaceutical firms show that the coefficients for all types of R&D disclosures are negative and significant. In contrast, communications equipment firms show positive and significant results for all types of R&D disclosures. Moreover a comparison of the results for pharmaceutical firms with those for communications equipment firms in Table 3 shows that the findings are significantly different from zero.

Table 2: Comparison of Fixed-effects Poisson Regressions by Industry

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Pharmaceutical Coefficient</th>
<th>Std. Dev.</th>
<th>Communications Equip. Coefficient</th>
<th>Std. Dev.</th>
<th>t-test</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early-stage R&amp;D Disclosure&lt;sub&gt;t-1&lt;/sub&gt;</td>
<td>-0.04***</td>
<td>0.18</td>
<td>0.15***</td>
<td>0.15</td>
<td>(1)-(2)≠0</td>
<td>0.0000</td>
</tr>
<tr>
<td>Research R&amp;D Disclosure&lt;sub&gt;t-1&lt;/sub&gt;</td>
<td>-0.11***</td>
<td>0.21</td>
<td>0.16***</td>
<td>0.23</td>
<td>(1)-(2)≠0</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

(1) 1,283 firm years, 139 firms
(2) 847 firm years, 96 firms
*** p<.01

Overall, these results are consistent with firms in an industry with strong patent protection having greater strategic incentives to disclose technological advantages as these firms face lower risk of competitive imitation. Accordingly, competitors are less likely to develop and patent innovations in the same technology areas. However, in an industry with relatively weak patent protection competitors are more likely to engage in head to head competition as imitation costs would likely be lower in this context.

The second empirical implication suggested by prior research is firms that have strong internal protection of their innovations resulting from developing and patenting around core technologies will demonstrate a negative association between disclosure and competitors’ patent applications. Thus, to investigate whether firm-specific advantages better explain the association between disclosure and competitors’ patent applications, further analysis was conducted. Specifically, self-citation ratio is used as an indicator of a firm’s internal technological strength to examine how the association between disclosure and competitive patenting might change for firms that cite their own patents versus firms that do not. If a firm’s internal technological strength is more effective in protecting their innovations from imitation, then the effect of disclosure should vary with changes in levels of a firm’s self-citation ratio. However, if industry patent protection has a stronger influence, then we would expect to observe consistent effects (e.g., same sign and similar magnitude) of disclosure across all models. Table 4 presents sensitivity analysis of the pharmaceutical firms and communications equipment firms in the sample. Each subsample is split into two groups: (1) firms that cite their owned patents in current patent applications and (2) firms that do not cite their owned patents. Panel A includes this analysis for pharmaceutical firms. Panel B replicates this analysis for communications equipment firms.

Turning to the results in Panel A, for pharmaceutical firms that cite their owned patents, the association between the different types of R&D disclosures and competitors’ patent applications is consistently negative and significant. However, for pharmaceutical firms that do not cite their owned patents, this association is positive and significant. Further analysis shows that the difference in results for these two groups is significantly different from zero.

Replicating this analysis for communications equipment firms, Panel B compares the results for firms that cite their owned patents in column (1) with those for firms that do not have self-citations in column (2). Column (1) shows a consistent positive significant effect of all types of R&D disclosure. However, the estimates in column (2) are not significant. The difference in these results is not distinguishable from zero.

Overall, the preceding analysis leads to the following observations. The results for pharmaceutical firms demonstrate that an internal technological advantage that stems from developing and patenting technologies around core areas is an important influence on a firm’s ability to protect their potential profits from innovation. These internal advantages likely have a stronger influence than industry advantages. Otherwise, if industry advantage was driving the association between disclosure and competitive patenting, we would expect to find a consistent negative effect of disclosure for pharmaceutical firms that have self-citations and for those that do not.
Table 3: Within-Industry Comparisons of Fixed-effects Poisson Regressions by Self-Citation Ratio

**Panel A – Pharmaceutical Firms**

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>(1) Self-citation Ratio&gt;0</th>
<th>(2) Self-citation Ratio=0</th>
<th>t-test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coef  Std. Dev.</td>
<td>Coef  Std. Dev.</td>
<td>Mean   p-value</td>
</tr>
<tr>
<td>Early-stage R&amp;D Disclosure, (t)</td>
<td>-0.06*** 0.12</td>
<td>0.25*** 0.61</td>
<td>(1)-(2)≠0 0.0000</td>
</tr>
<tr>
<td>Research R&amp;D Disclosure, (t)</td>
<td>-0.11*** 0.14</td>
<td>0.11*** 0.78</td>
<td>(1)-(2)≠0 0.0000</td>
</tr>
</tbody>
</table>

567 firm years, 87 firms  
629 firm years, 105 firms  
*** p<.01

**Panel B – Communications Equipment Firms**

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>(1) Self-citation Ratio&gt;0</th>
<th>(2) Self-citation Ratio=0</th>
<th>t-test</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coef  Std. Dev.</td>
<td>Coef  Std. Dev.</td>
<td>Mean   p-value</td>
</tr>
<tr>
<td>Early-stage R&amp;D Disclosure, (t)</td>
<td>0.10*** 0.07</td>
<td>0.46 10.81</td>
<td>(1)-(2)≠0 0.4842</td>
</tr>
<tr>
<td>Research R&amp;D Disclosure, (t)</td>
<td>0.12*** 0.13</td>
<td>-0.89 16.11</td>
<td>(1)-(2)≠0 0.1882</td>
</tr>
</tbody>
</table>

315 firm years, 59 firms  
442 firm years, 66 firms  
*** p<.01

In the communications equipment subsample, the results for firms that cite their owned patents show a positive and significant association between disclosure and competitors’ patenting, suggesting that industry patent protection has a stronger influence. Moreover, the non-significant results in the subsample of communications equipment firms that do not cite their owned patents are also consistent with this observation. If weak industry patent protection was driving the association between disclosure and competitive patenting, then we would observe a consistent significant positive effect of disclosure. Alternatively, the non-significant results would lead us to the same conclusion: disclosures by communications equipment firms could simply have no effect at all on competitors’ R&D and patenting strategies in an industry where firms tend to defensively patent innovations that may overlap each other’s technology spaces.

**DISCUSSION AND CONCLUSION**

This study investigates the influence of voluntary public R&D disclosures on competitors’ patenting in the same technology areas. Using a sample of 166 pharmaceutical firms and 156 communications equipment firms from 1991-2004, it tests empirical conjectures regarding the influence of industry and firm-specific technological strengths on the association between R&D disclosure and competitors’ patent applications. The results show that disclosures by pharmaceutical firms have a negative association with competitive patenting while disclosures from communications equipment firms have a positive association. These findings are consistent with industry advantages driving the influence of disclosure on competitors’ R&D and patenting strategies. Moreover, further sensitivity analysis of within-industry differences in firms’ propensity to cite their owned patents in future patent applications resulted in the following patterns. For pharmaceutical firms that cited their owned patents, disclosure had a consistent negative association with disclosure. These effects were significantly different from the positive effects of disclosure in the sample of pharmaceutical firms that did not cite their own patents. Moreover, communications equipment firms that cited their owned patents consistently indicated positive effects of disclosure on competitive patenting compared to no
Voluntary public disclosures reduce information uncertainty and as a result lower competitors' information acquisition costs. The current study complements this research by demonstrating that firms can not only increase their competitive advantage by developing costly-to-imitate product innovations, but also by deterring competitors from patenting similar product innovations in the same technology space. Future studies that explore other types of competitive effects of disclosure will provide further insights on how firms can effectively manage the tradeoff between secrecy and disclosure in different contexts (e.g., new product announcements) to appropriate profits from their product innovation.

This study also offers insights for managers. For managers in firms that have a strong technological advantage, publicly disclosing R&D successes may increase their ability to profit from product innovations while also mitigating imitation risk. For managers in firms that do not possess this advantage, keeping intermediate R&D successes secret may be a more effective mechanism for protecting profits from their innovations. In such cases, disclosing their innovations only around the timing of launching new product innovations would likely provide the greatest opportunity to capture value from product innovations without enabling competitors to appropriate this value (Bayus, Jain, & Rao, 2001; Dranove & Gandal, 2003; Haan, 2003).

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HOW SIMILAR ARE FUTBOL FOLLOWERS TO FANS OF "THE OLD BALL GAME?" COMPARING MAJOR LEAGUE SOCCER AND MAJOR LEAGUE BASEBALL FANS USING 2011 SECONDARY DATA

Ric Jensen, Montclair State University
Avi Mukherjee, Montclair State University

ABSTRACT
This paper analyzes the traits and behaviors of fans of Major League Soccer (MLS) and Major League Baseball (MLB) using secondary data collected by Sports Business Research (SBRnet) in 2011. SBR collected this data from October 2010 to September 2011 from 67,641 panel members. Respondents answered questions about the extent to which they attended sports, watched sports on TV and other media, followed sports on social media, and purchased branded sports apparel. Demographic and household income data were also collected.

KEY WORDS: Sports Marketing, Major League Soccer, Major League Baseball

INTRODUCTION
Sports teams and organization need to understand their fans to be successful marketers (Fetchko, Roy, and Clow, 2012). Developing and implementing strategic sports marketing campaigns based on research into fan values, attitudes, lifestyles and behaviors should influence marketing and sponsorship strategies that will lead to creating fans for life (Schwarz, Hunter, and LaFleur, 2013). The most successful sports marketing campaigns are targeted to reach specific segments of fans based on whether fans are avid or casual, where they live, their age, gender and family status, household income, and lifestyle (Quinn, 2009).

Several studies have focused on MLB and MLS. Fullerton and Bruneau (2013) described how baseball fans follow the game because of its traditions and nostalgia, while Jensen (2012) found many baseball clubs have historically feared embracing innovative marketing initiatives. A 2012 report by The Harris Poll revealed that baseball is the most popular sport among Americans ages 50-64, and is the least popular sport among Americans ages 25-29.

In contrast Francis and Zheng (201) discuss how MLS is focus its marketing on younger and ethnically diverse fans, especially Hispanics; Jensen (2012) describes how Hispanics are likely to become the future of the MLS fan base.

Only a few studies have compared different ways in which various professional sports are marketed in the United States. Wann et al. (2008) examined the factors that motivate fans to attend baseball compared to many other sports although soccer was not included in this investigation. Few studies have explored issues related to the marketing challenges faced by MLB and MLS; one study by Sosa and McDowell (2011) investigated how baseball should, like MLS, seek to woo Hispanic fans. No studies have yet attempted to compare and contrast the marketing of MLS versus MLB and the fans that follow these sports.

RESEARCH QUESTIONS
Research Question 1: To examine the extent to which there are important differences in the composition of the fan bases of Major League Soccer and Major League Baseball.

Research Question 2: To examine the extent to which there are important differences in the behavior of the fan bases of Major League Soccer and Major League Baseball.

Research Question 3: To examine the implications for marketing these sports.

METHODOLOGY
This paper uses a marketing technique referred to as a differential profile analysis. In this method, profiles of various consumers are compared to one another to determine what trends can be seen between those groups. We selected specific types of information to cull for the SBRNet data to analyze, based on the...
extent to which these variables influence fan behavior, the criteria we chose included gender, demographics, game attendance, and following sports in traditional and new media.

Table 1. Descriptive Summary Of Mls Fans In 2011 (From Sbrnet)

<table>
<thead>
<tr>
<th>Attended or watched MLS</th>
<th>Male</th>
<th>Female</th>
<th>13-17</th>
<th>18-24</th>
<th>25-34</th>
<th>35-49</th>
<th>50+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attended MLS at least once</td>
<td>24,134</td>
<td>16,202</td>
<td>4,552</td>
<td>5,750</td>
<td>8,007</td>
<td>9,684</td>
<td>12,343</td>
</tr>
<tr>
<td>Household income &lt;$49,999</td>
<td>14,215</td>
<td>26,121</td>
<td>7,518</td>
<td>7,478</td>
<td>14,015</td>
<td>11,325</td>
<td></td>
</tr>
<tr>
<td>Household income &gt;$50,000</td>
<td>1,798</td>
<td>992</td>
<td>648</td>
<td>1,646</td>
<td>1,144</td>
<td>413</td>
<td></td>
</tr>
<tr>
<td>Fans in the Northeast</td>
<td>3,046</td>
<td>1,798</td>
<td>992</td>
<td>648</td>
<td>1,646</td>
<td>1,144</td>
<td>413</td>
</tr>
<tr>
<td>Fans in the South</td>
<td>3,046</td>
<td>1,798</td>
<td>992</td>
<td>648</td>
<td>1,646</td>
<td>1,144</td>
<td>413</td>
</tr>
<tr>
<td>Fans in the West</td>
<td>3,046</td>
<td>1,798</td>
<td>992</td>
<td>648</td>
<td>1,646</td>
<td>1,144</td>
<td>413</td>
</tr>
<tr>
<td>Facebook fans</td>
<td>4,574</td>
<td>2,544</td>
<td>1,779</td>
<td>1,320</td>
<td>2,368</td>
<td>1,002</td>
<td>649</td>
</tr>
<tr>
<td>Twitter followers</td>
<td>2,148</td>
<td>670</td>
<td>596</td>
<td>691</td>
<td>964</td>
<td>391</td>
<td>177</td>
</tr>
<tr>
<td>Watched on computer or laptop</td>
<td>1,890</td>
<td>1,014</td>
<td>769</td>
<td>833</td>
<td>948</td>
<td>631</td>
<td>264</td>
</tr>
<tr>
<td>Watched from a tablet</td>
<td>552</td>
<td>185</td>
<td>319</td>
<td>140</td>
<td>68</td>
<td>163</td>
<td>47</td>
</tr>
<tr>
<td>Watched from a smart phone</td>
<td>438</td>
<td>82</td>
<td>178</td>
<td>245</td>
<td>68</td>
<td>0</td>
<td>30</td>
</tr>
</tbody>
</table>

1 Northeast states include: CT, ME, MA, NH, RI, VT, NJ, NY, and PA.
2 North-Central states include: IL, IN, MI, OH, WI, KS, MN, MO, NE, ND, AND SD.
3 Southern states include: DE, FL, GA, MD, NC, SC, VA, WV, DC, AL, KY, MS, TN, AR, LA, OK, AND TX.
4 Western states include AZ, CO, ID, MT, NV, NM, UT, WY, CA, OR, and WA.

PART ONE--MAJOR LEAGUE SOCCER FANS

The survey data show there are important differences between male and female MLS fans. More males than females watched an MLS game live or via television or internet-mediated devices (24,134 men versus 18,203 women) and more males attended a live MLS game (3,046 men versus 1,798 women). Men are much more likely to follow MLS on Facebook (4,574 men versus 2,544 women). More men than women watched MLS games on TV (22,670 men versus 15,102 women), computers and laptops (1,890 men versus 2,544 men), tablets (552 men versus 185 women), and cell phones (438 men versus 82 women).

Persons ages 25-34 most often attended an MLS match (1,646 fans), followed by persons of ages 35-49 (1,144), 13-17 (992), 18-24 (648), and persons 50+ (413). More people ages 25-34 attended an MLS match than any others (1,646 individuals), followed by persons ages 35-49 (1,144). Younger fans were found to be much more likely to follow MLS on Facebook (2,369 people), followed by persons ages 13-17 (1,779), and Twitter (964 individuals), followed by persons ages 18-24 (691). The 25-34 year old age range was most likely to follow MLS on computers, laptops and notebooks (948 persons), followed by persons ages 13-17 (624). People ages 13-17 used tablets to learn about MLS more than any other group (319 people), followed by persons ages
35-49 (163), but persons ages 18-24 most tracked MLS on cellphones (245 persons) followed by those ages 13-17 (178).

People in the West attended live MLS matches more often than others (1,871 fans), followed by residents of the South the North Central region, and the Northeast. People in the South watched an MLS game on TV more than any other region (13,217 fans), followed by the West (10,506), and most followed MLS on Facebook (2,308 fans), followed by the West (2,092). People in the West conversed about MLS on Twitter more than others (919 people), followed by the Northeast (800). Fans in the South followed MLS on computers, laptops and notebooks (1,093 people), and tablets (285) more than any other region, while residents of the West most often learned about the league on cellphones (225). Households with incomes from $50k to $99k were most likely to attend an MLS (1,799 people, followed by 1,464 households with incomes greater than $100k) and were most likely to watch an MLS game on TV (13,994 households compared to 10,733 households with incomes of more than $100k).

Table 2. Descriptive Summary of MLB Fans in 2011 (from SBRnet)

<table>
<thead>
<tr>
<th>Attended or watched MLB</th>
<th>Male</th>
<th>Female</th>
<th>13-17</th>
<th>18-24</th>
<th>25-34</th>
<th>35-49</th>
<th>50+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attended MLB at least once</td>
<td>71,586</td>
<td>48,144</td>
<td>8,472</td>
<td>11,223</td>
<td>21,975</td>
<td>31,448</td>
<td>46,612</td>
</tr>
<tr>
<td>Attended MLB at least once</td>
<td>25,990</td>
<td>15,775</td>
<td>3,132</td>
<td>4,990</td>
<td>10,670</td>
<td>11,603</td>
<td>11,370</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Household income</th>
<th>Household income</th>
<th>Fans in the Northeast</th>
<th>Fans in the South</th>
<th>Fans in the West</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$49,999</td>
<td>&gt;$50,000</td>
<td>23,192</td>
<td>29,352</td>
<td>40,651</td>
</tr>
<tr>
<td>Attended MLB at least once</td>
<td>12,201</td>
<td>29,565</td>
<td>7,567</td>
<td>12,032</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Facebook fans</th>
<th>Twitter followers</th>
<th>Watched on computer or laptop</th>
<th>Watched from a tablet</th>
<th>Watched from a cell phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Female</td>
<td>13-17</td>
<td>18-24</td>
<td>25-34</td>
</tr>
<tr>
<td>Facebook fans</td>
<td>16,397</td>
<td>9,855</td>
<td>3,156</td>
<td>4,154</td>
</tr>
<tr>
<td>Twitter followers</td>
<td>10,544</td>
<td>7,065</td>
<td>1,184</td>
<td>1,872</td>
</tr>
<tr>
<td>Watched on computer or laptop</td>
<td>6,540</td>
<td>2,859</td>
<td>813</td>
<td>2,223</td>
</tr>
<tr>
<td>Watched from a tablet</td>
<td>1,588</td>
<td>530</td>
<td>620</td>
<td>482</td>
</tr>
<tr>
<td>Watched from a cell phone</td>
<td>2,1872</td>
<td>1,000</td>
<td>723</td>
<td>590</td>
</tr>
</tbody>
</table>

1 Northeast states include: CT, ME, MA, NH, RI, VT, NJ, NY, and PA.
2 North-Central states include: IL, IN, MI, OH, WI, KS, MN, MO, NE, ND, AND SD.
3 Southern states include: DE, FL, GA, MD, NC, SC, VA, WV, DC, AL, KY, MS, TN, AR, LA, OK, AND TX.
4 Western states include AZ, CO, ID, MT, NV, NM, UT, WY, CA, OR, and WA.

PART TWO--MAJOR LEAGUE BASEBALL FANS

More men than women watched or attended a Major League Baseball game (71,586 men versus 48,144 women), attended a live MLB game (25,990 men versus 15,775 women), followed MLB on Facebook (16,397 men versus 9,855 women) and Twitter (7,065 men versus 3,479 women), and watched MLB games on TV (64,852 men compared to 42,946 women).
women). Men were more likely than women to follow MLB on computers and laptops (6,540 versus 2,859 women), tablets (1,588 men versus 530 women), and cell phones (2,172 men compared to 1,000 women). More people in the 50+ age range attended or watched an MLB game (46,612 fans), followed by persons of ages 35-49 (31,448), 25-34 (21,975), 18-24 (11,223) and 13-17 (8,472). People in the 35-49 age range attended an MLB game more often than any others (11,603 persons), followed by people over the age of 50 (11,370), 25-34 (10,670), 18-24 (4,990) and 13-17 (3,132).

Individuals living in the South attended a live MLB game more often than any other group (12,172 fans), followed closely by residents of the North Central states (12,032), the West (9,994) and the North East (7,567). People in the South watched more games on TV than any other group (37,151 fans), followed by people in the North Central states (25,868). Residents of the South were followed MLB on Facebook than any other region (9,489 fans), followed by people in the North Central states (6,255), and on Twitter (3,067 individuals), followed by people in the North East and North Central states (2,683 people in each region). Fans in the South were most likely to follow MLB on computers and laptops (3,480 people), tablets (866), and cell phones (1,273), than any other region. The largest number of fans who attended an MLB game had household incomes of $50k to $99k (39,350 people), followed by households with incomes greater than $100k (34,469). Households with incomes of $50k to $99k were most likely to watch an MLB game on TV (35,212 people), followed by those with incomes of more than $100k (30,957).

Persons ages 25-34 were most likely to follow MLB on Facebook (7,073 people), followed by 6,472 persons ages 35-49) and Twitter (3,612 individuals, followed by 2,726 persons ages 35-49), and they were most likely to watch MLB from computers and laptops (2,656 persons followed by 2,223 persons ages 18-24 (2,223). The 13-17 age group most often followed MLB on tablets (620 individuals), followed by 482 persons ages 18-24 (482). People in the 35-49 year old age group used cell phones to watch MLB most often (865 individuals) followed by those ages 13-17 (723).

**DISCUSSION**

Research Question 1: We found some important differences between the fans MLS and MLB. The total number of fans of each sport was significantly different: more than 119,730 people identified themselves as MLB fans but only 40,336 individuals said they were fans of MLS. Both sports reported the largest number of total fans in the southern states. The difference between the percent of male fans versus female fans was much greater for MLB than MLS. The largest number of total fans for each sport was over the age of 50. People with average household incomes of $50,000-$99,000 were most likely to identify themselves as fans of MLS and MLB.

Research Question 2: We found some important differences between the behavior of fans of MLS and MLB. The largest number of MLS fans to attend a live match is younger than the largest group of people to attend an MLB game, 25-34 for soccer and 35-49 for baseball. Nearly twice as many men follow MLB on Facebook than women; the gap is much smaller for MLS fans. Older fans (ages 35-49) were more likely to follow MLB on cell phones, while people aged 18-24 were more likely to track MLS on cell phones. There were also some similarities: Families with average household incomes of $50,000-$99,000 were more likely than any other income range to attend MLS or MLB games. People in the West most often attended an MLS match while people in the South most often went to MLB games. Fans in the South were most likely to watch MLB or MLS on television.

Research Question 3: This study illustrates how secondary data analysis could be used to uncover data that could be a great asset in a strategic marketing campaign. For Major League Soccer, marketing efforts should be targeted to younger fans of both sexes who want to reach out and engage with the sport on multiple social media platforms. The data show that there may be considerable interest in the Southern states for new MLS franchises, thus it not surprising that the league is now in discussions to expand to Orlando, and Miami. For Major League Baseball, the data suggest that the best marketing strategy might be to continue to target older male fans who are motivated by the history and nostalgia of baseball, while finding new ways to reach people using new media. The data show that there is a substantial fan base in households with incomes less than $49,999 who watch these sports on TV but do not attend live events, so there might be an opportunity to reduce ticket prices. This analysis holds important insights about corporate sponsorship; the best sponsors for MLS may be high-tech companies that connect with younger fans, while MLB should seek sponsors who connect with the traditions cherished by older fans.

**LIMITATIONS**

There is a great opportunity to uncover many more insights that would be directly beneficial to sports marketers by using rich sources of secondary data, such as the resources offered by SBR-Net. This analysis is limited because it only scratches the surface of issues related to the fans of MLS and MLB. The analysis is
limited because we are reporting on secondary data. But we hope at some level this analysis does demonstrate some of the ways in which secondary data such as the SBR-Net resources can be investigated to learn and explore the multiple differences between many types of fans, and how the traits of these fans influences their purchasing behavior and passion for following the sports teams they love.

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A MODULE APPROACH: EXPANDING FINANCIAL ACUMEN THROUGH INTEGRATION IN AN UNDERGRADUATE SALES PROGRAM

Nancy Johnson, St. Catherine University
Megan Kalina, St. Catherine University
Mary Henderson, St. Catherine University

ABSTRACT
The purpose of this paper is to present a way to blend additional financial acumen within the sales curriculum. The sales professional today is required to have a strong understanding of the financials of their organization, as well as their customer’s, to maximize the value they can provide. This paper will provide a model for an online module that was developed to expand the financial knowledge of sales students.

INTRODUCTION
Sales managers in industry provided feedback that today’s undergraduate sales students need to expand and deepen their financial knowledge. Shonka and Kosch (2002) in Beyond Selling Value reinforce this need, “By understanding the target company’s financial condition, you can begin to identify the pressures that senior -level executives are under. Ask:
• What are their key performance indicators, financial and otherwise?
• How does the company measure its success?
• What is the company’s financial condition? How are they performing, both against their own objectives and compared to the rest of the industry?
• What are their revenues and their profitability? (p. 50)

Programs of study for majors tend to be very discipline specific. There appears to be an opportunity to strengthen the practice ready skills of sales students by infusing the sales curriculum with more financial acumen. The program being referenced does include two accounting courses and one finance class. However, these are stand-alone courses and are typically taken early in the program. The financial acumen will be increased through intentional reapplication, and practice of key financial concepts paired with making connections in relation to the sales profession.

The purpose of this paper is to share a way to blend financial acumen with the sales curriculum. The program of study that this paper will focus on is a Sales Major within a School of Business and Professional Studies.

The development of a comprehensive program of financial learning modules, in response to the input of sales managers and ongoing curriculum review, is reviewed in this paper. It has been designed to better prepare students to be performance-ready sales professionals. This paper will provide detail on this module and how it will work.

APPROACH

Discussions were held as to the best way to intentionally and effectively integrate a sales-focused financial learning module within the sales curriculum. It has been determined that the most effective approach would be to integrate the theory and application of sales and finance. This would provide students the opportunity to relate financial information to the specific discipline of sales. The most appropriate place, in which to integrate this semester-long module, has been determined to be an advanced sales course.

There is an emphasis in the program on leveraging hybrid course structures and on-line learning capabilities. This institution leverages the standard course management system Desire2Learn. An on-line program of financial learning modules, managed through Desire2Learn, has been decided as the most viable option to support this interconnectedness.

Reasons

The benefits offered in this approach for potential success include values for the student and the faculty. The students will experience a self-directed, student-owned experience scaffolding layers of complexity throughout several weeks in a term. Content is
specifically sequenced to increase student confidence while putting theory to practice in business simulations. Faculty do not have to sacrifice valuable face-to-face class time while facilitating the stand-alone program of modules throughout the term. The modules are flexible and can be tailored to adjust for hybrid and traditional courses. At this university, there is a strong accounting and sales program and faculty from both programs will be involved in the development and implementation of these modules.

**MODULE**

This module will be a self-directed program of learning modules completed independently by the student as part of the requirements of the Advanced Sales: Strategic Account Management course. It will be 100% online and will utilize a course management system.

A modular learning structure will break the financial information into related groupings of content. Learning modules are designed to segregate concepts into unique delivery content capsules. Students work through required information and materials without getting overwhelmed by trying to digest too much information at a time. Topic specific content, designed to refresh the student to recall and leverage prior knowledge, has been prepared for this learning experience. The flexible nature of the course management system allows for inclusion of customized narrative text, videos, or narrated PowerPoint and Prezi presentations which will be updated to meet relevant and current business needs. Each learning module will include instructional content, practice exercises, discussion boards, and assessment quizzes. The three different learning modules will now be described:

**Module 1. Financial Statement Analysis**

**Instructional Content:** In this module, the interrelated income statement and balance sheet financial statements are reviewed. When multiple years’ financial results are included, the statements are called comparative because the user is able to compare the current year with prior year’s results.

**Income Statement:** This statement reports revenue and expense for a period of time, the excess of which is net income, or net loss. The comparative income statement pictured here is for a merchandise company. Sales of product are reduced by sales returns and allowances to arrive at net sales. From this, the cost of goods sold are subtracted to determine the gross profit earned on net sales made for each of the respective periods. Gross profit needs to be sufficient enough to pay for the additional operating expense of the company which includes selling and administrative expenses. Income from operations is that income earned on the core operations of the company and other income such as interest or other non-operational income added separately. Other expenses and income tax expense are subtracted separately to arrive at net income. The company below has reported a positive net income for each of the three reporting periods.

**Sales Application:** Sales professionals work with their customers to drive revenue which contributes to the profitability of the company. Historical sales can be reviewed to predict and plan for future sales estimates. Sales professionals will have customers who are evaluated based on gross profit and target profits which are affected by the prices they pay for inventory. This information is used by other departments to determine product and service pricing strategies.

**Table 1. Comparative Income Statement**

<table>
<thead>
<tr>
<th>Comparative Income Statement</th>
<th>For Years Ended December 31, YR1, YR2, YR3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3,400,000, 3,060,000, 2,756,250</td>
</tr>
<tr>
<td>Sales Returns and allowance</td>
<td>38,000, 21,500, 20,250</td>
</tr>
<tr>
<td>Net sales</td>
<td>3,362,000, 3,038,500, 2,736,000</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>1,500,000, 1,436,000, 1,378,125</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>1,862,000, 1,602,500, 1,357,875</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>726,000, 718,750, 585,000</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>486,000, 475,000, 462,000</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>1,212,000, 1,193,750, 1,047,000</td>
</tr>
<tr>
<td>Income from operations</td>
<td>650,000, 408,750, 310,875</td>
</tr>
<tr>
<td>Other Income</td>
<td>45,000, 37,500, 31,000</td>
</tr>
<tr>
<td>Income before other expense</td>
<td>695,000, 446,250, 341,875</td>
</tr>
<tr>
<td>Other expense (interest)</td>
<td>95,000, 52,000, 63,000</td>
</tr>
<tr>
<td>Income before income tax</td>
<td>600,000, 394,250, 278,875</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>170,000, 116,750, 131,000</td>
</tr>
<tr>
<td>Net Income</td>
<td>430,000, 277,500, 147,875</td>
</tr>
</tbody>
</table>
Balance Sheet: This statement reports the assets, liabilities and owner’s equity at the period end. Assets are normally presented in the order in which they will be converted into cash or consumed, and are classified into two sections, current and long term. Current assets are those which will be used or converted into cash within one year, or one operating cycle. The liabilities section includes obligations of the company and is similarly classified into current and long term. The equity section includes common and preferred stocks and the retained earnings. Retained earnings is calculated on its own statement (not shown here) by adding current period net income to prior retained earnings. Essentially, retained earnings represents all earnings over the life of the company that were retained for growth and not paid out in dividends.

Table 2. Comparative Balance Sheet

<table>
<thead>
<tr>
<th>Assets</th>
<th>YR3</th>
<th>YR2</th>
<th>YR1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>135,000</td>
<td>118,000</td>
<td>110,000</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>387,000</td>
<td>157,500</td>
<td>140,000</td>
</tr>
<tr>
<td>Accounts receivable (net)</td>
<td>260,000</td>
<td>196,500</td>
<td>147,500</td>
</tr>
<tr>
<td>Inventories</td>
<td>425,000</td>
<td>332,500</td>
<td>250,000</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>27,500</td>
<td>35,000</td>
<td>26,000</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>1,234,500</td>
<td>839,500</td>
<td>673,500</td>
</tr>
<tr>
<td><strong>Long-term investments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>319,500</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>4,129,000</td>
<td>3,089,500</td>
<td>2,773,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>YR3</th>
<th>YR2</th>
<th>YR1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>345,000</td>
<td>283,000</td>
<td>223,000</td>
</tr>
<tr>
<td><strong>Long term liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,100,000</td>
<td>500,000</td>
<td>450,000</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>1,445,000</td>
<td>783,000</td>
<td>673,000</td>
</tr>
<tr>
<td><strong>Stockholders Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preferred stock</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Common Stock</td>
<td>800,000</td>
<td>800,000</td>
<td>800,000</td>
</tr>
<tr>
<td>Retained Earning</td>
<td>1,384,000</td>
<td>1,006,500</td>
<td>800,500</td>
</tr>
<tr>
<td><strong>Total Stockholders Equity</strong></td>
<td>2,684,000</td>
<td>2,306,500</td>
<td>2,100,500</td>
</tr>
<tr>
<td><strong>Total Liabilities and Stockholders</strong></td>
<td>4,129,000</td>
<td>3,089,500</td>
<td>2,773,500</td>
</tr>
</tbody>
</table>

The financial information in each of these statements is used by decision makers to evaluate prior decision making and business results. In the next module, Module 2, the concept of ratio calculation and analysis is explored to refresh your understanding of how to compare results one year to the next, or to that of competitors and the industry.

Sales Application: A sales professional works with customers to develop the optimal inventory mix in their stores. This leads to maximizing sales with the correct inventory levels and assortment mix. Customers focus on detailed information pertaining to inventory carrying costs, stock levels and replenishment lead times. Comparing these measures to their industry is a way to evaluate success.

Module Discussion Board: (Managed in 4-5 person groups). The financial statements included in this module are for a retail company. Select a company from an industry different than retail. Locate and review that company’s income statement and balance sheet. Post an entry to the discussion board forum that compares and contrasts the retail company’s income statement and balance sheet with the one you just reviewed. As part of the post, identify two things that are similar for each financial statement and two areas of difference. Focus on specific areas of significance for a sales manager such as inventory, accounts receivable, gross profit, cost of goods sold, etc.

After all students have made their posts, read the other student postings in your group. Then prepare a professional response to each, comparing and contrasting the difference identified between the industries examples presented. This discussion board will be monitored and assessed for quality of work.

Module 2. Horizontal and Vertical Analysis

Instructional Content: The financial results from the prior year are made more useful when they can be compared to a prior period in order to evaluate for possible trends or changes in previous trends.
Horizontal analysis is performed by computing the dollar amount of change from one period to the next to determine the amount of change. That amount is then divided by the base or first year to calculate the percentage change. Using the financial information provided in Module 1, the following is an example of this calculation for sales:

<table>
<thead>
<tr>
<th>Table 3. Horizontal Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Sales</td>
</tr>
</tbody>
</table>

By itself, this calculation is less useful than it would be if compared to the same calculation comparing Year 2 with Year 1 to determine the change.

**Sales Application:** Sales professionals work with their customers to drive increased sales, year over year. They recommend products, which will lead to this sales growth to achieve target sales. In addition, performing analysis of the year-over-year expense amount and percent changes should be compared with that of sales. Some expense items such as cost of goods sold, advertising and marketing are expected to change in correlation with sales changes. Other administrative expenses usually do not correlate to sales changes and must be kept in check.

Vertical analysis is performed by dividing a base item by each item for the period of the financial statement. The base item typically used in an income statement is net sales. In the balance sheet the base item is total assets. This shows the relationship of each item to that base item. In the example provided for review vertical analysis has been performed for each of the three years provided.

Analyzing the results for cost of goods sold it could be said that it is decreasing as a percent of net sales over the three year period provided and set income is increasing as a percent of net sales over the same period in time.

<table>
<thead>
<tr>
<th>Table 4. Vertical Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparative Income Statement</td>
</tr>
<tr>
<td>-----------------------------</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Sales</td>
</tr>
<tr>
<td>Sales Returns and allowance</td>
</tr>
<tr>
<td>Cost of goods sold</td>
</tr>
<tr>
<td>Gross Profit</td>
</tr>
<tr>
<td>Selling expenses</td>
</tr>
<tr>
<td>Administrative expenses</td>
</tr>
<tr>
<td>Total operating expenses</td>
</tr>
<tr>
<td>Income from operations</td>
</tr>
<tr>
<td>Other Income</td>
</tr>
<tr>
<td>Income before other expense</td>
</tr>
<tr>
<td>Other expense (interest)</td>
</tr>
<tr>
<td>Income before income tax</td>
</tr>
<tr>
<td>Income tax expenses</td>
</tr>
<tr>
<td>Net Income</td>
</tr>
</tbody>
</table>

**Sales Application:** Vertical analysis is most effective when multiple items are reviewed together for several periods in time. In the comparative income statement, the sales returns and allowances have increased as a percent of net sales from YR2 to YR3. This increase in percent, while small, can be indicative of a decrease in customer satisfaction and product quality, or more concerning channel stuffing with guaranteed return options made by sales professionals.

The gross profit as a percent of net sales is increasing as a result of cost of goods sold decreasing each period shown which could mean wise purchasing decisions have been made for cost of goods control. However, examining the increased sales returns and allowance may again indicate that quality is below the customer’s needs.
The administrative expense as a percent of net sales continues to decrease at a time when sales are increasing meaning those costs are well controlled and contributing to the continued increase in income before other expenses as a percent of net sales. Each of these items provides additional value when compared to industry vertical analysis.

Module Discussion Board: Practice calculating the horizontal and vertical percentages. For this discussion using the financial statements from Module 1, prepare both horizontal and vertical analysis the calculations for the income statement. Use Excel to prepare this analysis. Comment which significant variances or similarities you see. Identify what patterns exist and provide your views on the significance of these patterns and variances.

Module Quiz: The toll gate for assessment of successful completion of the learning module includes an end of module automatically graded quiz. The course management system allows complete flexibility to provide students with either a standard set of questions, or random set of questions served to students from a large test bank. Using a random set of questions from a larger test bank will provide an opportunity to allow students multiple attempts to earn an improved score. This approach is helpful if a student scores below a defined passing score. Then the student could return to the Module Practice Exercises for further practice followed by a repeat quiz attempt.

Module 3. Ratio Calculation and Analysis

Instructional Content: In this module the most common ratios for company analysis are identified and described. Ratios allow decision makers to perform assessment of past performance of the financial results using the financial statement information from Module 1. Ratios are categorized into areas of liquidity, asset utilization and profitability, depending on the business information being evaluated. In the professional business setting, some ratios will be provided to you by other departments or teams so it is important to understand how they are used for decision making. The most commonly used ratios can be broken into the following areas:

Liquidity: Reflects a company ability to pay short term obligations
- Working Capital = Current Assets - Current Liabilities: Measures the company’s ability to pay its short term obligations with is short term resources.
- Current Ratio = Current Assets/Current Liabilities: Indicates how many times current liabilities can be paid, or are covered, by current liabilities. Generally between 1.2 and 2.0 is considered healthy. A current ratio of less than 1 means the working capital is negative and greater than 2 can indicate to much resources are tied up in inventory.
- Quick Ratio or Acid Test = (Current Assets-(Inventory + Prepaid Expenses))/Current Liabilities: A more stringent measure of a company’s ability to pay current obligations; used because inventory may not be marketable or have valuations not considered reliable.

Asset utilization or turnover ratios:
- Receivables Turnover = Net Credit Sales/Average Accounts Receivable: Measures the effectiveness in extending credit and collecting on those debts. A higher number suggests that either the company operates on a cash basis or is efficient at collecting on the receivables.
- Day’s Sales in Receivables = 365 days/Receivables Turnover: Identifies on average how many days it takes to collect an accounts receivable. Since this number is based on an average it should be used carefully as there could be accounts which are substantially overdue and require attention.
- Inventory Turnover = Cost of Goods Sold/Average Inventory: A low ratio implies inventory may be excess and/or sales are slow whereas a high ratio could indicate strong sales, or ineffective inventory purchasing or out-of-stocks. As such, comparison to the industry or prior years is helpful.
- Days Sales in Inventory = 365 days/Inventory Turnover: This ratio varies from one industry to the next and reflects the number of days it takes a company to turn over inventory into sales. Generally the lower the ratio the better.
- Profitability Ratios compare components of income with sales
- Net Sales to Assets = Net Sales/Average Total Assets, excluding long term investments: Tells the amount of revenue generated per $1 of assets.
- Return on Assets = Net Income/Total Assets: Measures the profit per dollar of assets.
- Return on Equity = Net Income/Total Equity: Measures the equity generated per dollar of equity.
- Gross Profit = Net Sales – Cost of Goods Sold: Tells the amount of profits made on the sale of products or service before deducting administrative and other expenses, and tax expenses.
- Gross Profit Margin = Gross Profit/Net Sales: This is an indication of how well a company controls its inventory costs and the effectiveness of pricing strategies.

Sales Application: Sales professionals leverage ratios to evaluate their own performance as well as
that of their customers and the industry. Accounts receivable turnover and days sales in accounts receivable are evaluated to understand customer payments and collections. Inventory turnover and days sales in inventory are assessed for effectiveness of the sales process and inventory management for forecasting and understand ordering needs. Gross profit margin is evaluated as part of pricing strategies and markup.

Module Practice Exercises: Practice exercises provide an opportunity to apply the concepts learned by performing the necessary analysis and calculations to prepare the ratios previously discussed. The practice exercise in this module is prepared using the Excel workbook provided. Within the workbook company financials are provided to guide the student through a self-directed learning case scenario. The practice workbook includes an Instructions worksheet for preparation of the calculations in the remaining worksheets and Source Data to be used in building the basic ratio formulas. The source data for this learning module includes a comparative income statement and balance sheet (see Table 5).

Table 5. Ratio Calculations

<table>
<thead>
<tr>
<th>Ratio</th>
<th>Numerator</th>
<th>Denominator</th>
<th>Value</th>
<th>Correct/Wrong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working capital</td>
<td>$1,234,500</td>
<td>$345,000</td>
<td>$889,500</td>
<td>Correct</td>
</tr>
<tr>
<td>Current ratio</td>
<td>$1,234,500</td>
<td>$345,000</td>
<td>2.0</td>
<td>Try again</td>
</tr>
<tr>
<td>Quick ratio</td>
<td>$782,000</td>
<td>$345,000</td>
<td>2.3</td>
<td>Correct</td>
</tr>
<tr>
<td>Accounts Receivable turnover</td>
<td>$3,362,000</td>
<td>$228,250</td>
<td>12.0</td>
<td>Correct</td>
</tr>
<tr>
<td>No. of Day's sales in receivables</td>
<td>$228,250</td>
<td>$9,211</td>
<td>24.8</td>
<td>Correct</td>
</tr>
<tr>
<td>Inventory turnover</td>
<td>$1,500,000</td>
<td>$378,750</td>
<td>4.0</td>
<td>Correct</td>
</tr>
<tr>
<td>Net sales to assets</td>
<td>$3,362,000</td>
<td>$3,324,500</td>
<td>1.0</td>
<td>Correct</td>
</tr>
<tr>
<td>ROA</td>
<td>$525,000</td>
<td>$3,609,250</td>
<td>14.5%</td>
<td>Correct</td>
</tr>
<tr>
<td>ROE</td>
<td>$430,000</td>
<td>$2,495,250</td>
<td>17.2%</td>
<td>Correct</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$3,362,000</td>
<td>$1,500,000</td>
<td>1,862,000</td>
<td>Correct</td>
</tr>
<tr>
<td>Gross Profit Margin</td>
<td>$1,862,000</td>
<td>$3,362,000</td>
<td>55.4%</td>
<td>Correct</td>
</tr>
</tbody>
</table>

Practice calculations are performed in the preformatted calculations worksheet. Students will “pull” relevant data from the Source Data worksheet into the ratio calculation template, shown in Table 5, to calculate the numerators and denominators used in the specified ratio for two reporting periods. In the column right of the ratio accuracy color coded guidance (or feedback) is immediately provided with either “correct” or “try again” indicators. This self-study practice exercise workbook allows for unlimited attempts for mastery of concept. An added benefit is that the student will be allowed to save their created formula workbook for future use.

Module Discussion Board: For this discussion board, using the ratios accurately calculated in the
Module 3 practice exercises, and comment on significant trends you see. What variances, trends and/or patterns exist and what reasons could be behind the items you identified? Provide your views on the significance of these trends from the perspective of a sales professional.

Module Quiz/Exam: The toll gate for assessment of successful completion of the learning module includes an end of module automatically graded quiz. The course management system allows complete flexibility to provide students with either a standard set of common questions, or random set of questions served to students from a large test bank. Using a random set of question from a larger text bank will provide an opportunity to allow students multiple attempts to earn an improved score. This approach is helpful if a student scores below a defined passing score. Then the student could return to the Module Practice Exercises for further practice followed by a repeat quiz attempt.

CONCLUSION

The financial learning modules, as described in this paper, were developed to refresh and strengthen the practice ready skills of sales students near to the time when they will be entering the workplace. Through active engagement in and completion of the modules, sales students will have had the opportunity to reapply and practice making the connection between financial concepts, the sales profession and client business needs. These skills and capabilities are a differentiator for the sales professional. The increased confidence and understanding will allow for more immediate leverage of financial acumen in the workplace. This will help to set the sales professional apart from other recent graduates who have not benefited from this learning experience.

REFERENCES


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BEST VALUE ENVIRONMENTAL SUSTAINABILITY IN 2014 WORLD CUP VENUES: INVESTIGATING STAKEHOLDER’S PERCEPTIONS OF INTERNATIONAL FACILITY MANAGEMENT ASSOCIATION (IFMA) ACCREDITED DEGREE PROGRAM (ADP) INSTITUTIONS VERSUS NON-IFMA ADP INSTITUTIONS

Roscoe Hightower, Florida Agricultural and Mechanical University
James Highsmith, Florida Agricultural and Mechanical University
Shehannie Wong, Florida Agricultural and Mechanical University
Carrington Coleman, Florida Agricultural and Mechanical University

EXTENDED ABSTRACT

To remain dynamic and viable, academic institutions preparing the future workforce need to convert to a more valuable and efficient means of producing facility management (FM) graduates that are trained for the FM jobs of the future (Hightower and Highsmith 2013). A major reason for the shortage of new facility managers is the limited number of formal academic accredited degree programs that specifically educate students in facility management (Sullivan, Georgoulis, and Lines 2010). This manuscript utilizes a well-known global sustainability event, Manaus, Brazil’s preparation for hosting FIFA’s World Cup 2014 as the backdrop to obtain environmental sustainability data. FM industry stakeholders’ opinions of Manaus’ environmental sustainability are used as the focal point to determine which institutions (i.e., IFMA ADP versus Non-IFMA ADP institutions) are perceived by these stakeholders to prepare its graduates better for obtaining jobs in the FM industry.

Three models will be introduced to give readers examples of the importance of degree programs being accredited by the International Facility Management Association (IFMA). The first model is the Basic Model (see Figure 1) which introduces the idea that in order to increase the number of Facility Management (FM) professionals, FM industry leaders must work with FM education institutions to produce the needed FM graduates in the future. Model 2 (see figure 2) purports that ADPs (Accredited Degree Programs) and FM industry stakeholders perceive the best value practice for FM undergraduate education. Model 3 (see figure 3) touches on the lag that is presented when looking at best value practices that are being taught by Non-IFMA ADPs.

FIGURE 1
Basic Research Model

Adapted from Cronin et al 1997
The manuscript utilized a convenience sample of some 100 facility management professionals, educators, and students from North America, South America, and Europe to determine the best value environmental perception between IFMA ADPs and non-IFMA ADPs using a globally accepted facility management topic of interest, environmental sustainability. The manuscript herein is an initial exploratory step to gather, examine, and explain the best value perceptions of FM education from a practitioner perspective. Specifically, the manuscript explores the FM industry stakeholders’ best value environmental sustainability perception of IFMA ADP and Non-IFMA ADP institutions.

The data suggests strong preliminary support for H1: Companies understand there are differences in environmental sustainability knowledge between IFMA ADP FM graduates and a non-IFMA ADP FM graduates as well as for H4: Corporate relationships between FM industry firms and IFMA ADP institutions are more highly valued than corporate relationships between FM industry firms and non-IFMA ADP institutions. The data suggests moderate support for H2: IFMA ADP institutions produce more competent environmentally sustainable FM graduates than non-IFMA ADP institutions and for H3: Companies are more profitable when they hire IFMA ADP FM graduates than when they hire non-IFMA ADP FM graduates.

REFERENCES


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PROFESSIONAL SPORTS COMPETE TO GO GREEN

Marlene Blankenbuehler, Morehead State University
Michelle B. Kunz, Morehead State University

ABSTRACT

Sports, professional and amateur, can have a major impact on our environment, including: land use, power consumption, construction of event facilities and venues, consumption of water and other natural resources. Professional sports teams and leagues have recognized the importance of reducing the negative impact their activities and facilities have on the environment, and began implementing sustainable programs and actions a decade ago. This paper investigates green initiatives of major league sports teams and examines the information regarding sustainable actions posted on their individual team website. Results identify categories of sustainable initiatives and compare the data across different sports.

KEY WORDS: Professional Sports, Sustainability, Environment

INTRODUCTION

Sustainability has taken a prominent position on many corporate agendas. While many initiatives focus on conservation, recycling and compliance, sustainability has come of age in recent years, to the point that companies now report their actions, and in many instances attempt to influence their customers as well as the public about how to be “greener.” Corporations often struggle with relaying the importance of sustainability efforts to consumers. Since sports activities and venues can have a major impact on the environment, there is a natural link between sports and environmental conservation. Professional sports teams have embraced environmental stewardship and encouraged fans as well (Henly, Hershkowitz, & Hoover, 2012). Because professional sports have a strong connection with the fans, major league sports teams can influence fans’ green behavior, both at sporting events, and within the community. The focus of this research will be to examine the progression and development of sustainable actions of major league professional sports. The research will then examine data collection results of what each major league sports team has posted on individual team websites regarding green initiatives.

WHY TEAMS GO GREEN

Dr. Allen Hershkowitz, director of the Natural Resource Defense Council’s (NRDC) green sports project, said “the motivation for sports to engage in greening is simple, the games we love today were born outdoors, and without clean air to breathe, clean water and a healthy climate, sports would be impossible,” (Henly, et al., 2012, p. 9). The physical requirements of professional sports venues can negatively impact the environment, including new facilities, changes to city infrastructure, increased waste, pollution, and high energy consumption. The two goals of the environmental movement are to reduce the ecological footprint of sports activities, and establish an awareness of environmental issues, both of which hold great potential to significantly impact our future environment (Schmidt, 2006). Professional sports teams continue to build their green efforts and the results attract sponsors, build community connections, create a competitive advantage, and enhance the fan experience. Not all reasons for going green are noble, as there can be economic and financial reasons as well. For example, Scott Jenkins, vice president of ballpark operations for the Seattle Mariners stated that reasons to go green “support a triple bottom line,” giving the team “an opportunity to drive financial performance, reduce costs, and green their brand; which allows for the ability to sell to more people and build a deeper relationship with customers” (Henly et al., 2012, p. 49). These environmental efforts give business an opportunity to do the right thing, by standing for change and environmental commitment (O’Brien, 2011).

As the green movement is embraced by professional sports teams, they often address their efforts as a competition with other teams, just another aspect of the competitive nature of professional sports (Henly et al., 2012). This was evident when the Atlanta Hawks vied with the Miami Heat to be the first NBA team to have a LEED-certified home arena (Henley et al, 2012, p.98.). Another perspective was presented by Scott Jenkins, V.P. of ballpark operations for the Seattle Mariners when he referenced the “importance of statistics and where you are in the
standings; that competitive nature and desire to know where you are translates to the environmental side as well,” (Henley et al., 2012, p.50).

**RESEARCH ON COMMUNITY AND FAN IMPACT**

The prominence and popularity of sports around the globe provides an enormous reach and potential for their actions and message to influence millions of consumers (Miller, 2010). A 2008 survey conducted by Pro Green Sports indicated that 75 percent of fans surveyed felt green products were worth the additional cost and 90 percent of the fans surveyed appreciated the environmental initiative of professional sports teams. Another survey conducted in 2009 by Pro Green Sports indicated sustainability initiatives were a priority to 60 percent of professional sports teams. These findings would indicate that fans as well as professional sports teams support green initiatives and sustainable efforts. Professional sports teams have long been involved with community service, civic engagement, and social well-being. Increasing their sustainability initiatives can be seen as an extension of their social responsibility.

Several authors have used the term environmental social responsibility (ESR) when investigating green actions of sports teams (Babiak & Trendafilova, 2011; Mallen, Stevens, & Adams, 2011; Uecker-Mercado & Walker, 2012). Using the professional sports team’s webpage and additional communication vehicles, corporate social responsibility, including environmental responsibility has become an important component of business operations for these teams. Babiak and Trendafilova (2011) found environmental practices are diffusing rapidly through professional sports. Slightly more than half (57%) of survey participants reported that the emphasis their league placed on environmental initiatives placed this item on the top of their team agenda. However, executives and management indicated strategic and financial performance, rather than conforming to social pressures were at the forefront of their consideration regarding green actions. The authors conclude that while the financial payback to the team is valued, there is still the need to build goodwill with fans and the community. Support of environmental initiatives and promoting green actions has the potential to build the team’s customer base. Promoting sustainability and environmental efforts enables sports teams to connect to the fan because it builds a character for the team that the fans want; once that connection is made they can increase their fan following and create goodwill at the same time (Babiak & Trendafilova, 2011).

Recent research (Inoue & Kent, 2012), found the positive environmental practices of a professional sports team increased consumer internalization of the team’s values, and consumers are likely to show their intentions to support the team’s environmental initiative. Furthermore these consumers indicated that they intended to continue pro-environmental behavior in their daily lives. Specific findings indicated that even if they were not fans of a specific team, consumers were likely to adopt pro-environmental behavior if the team proactively incorporated environmental practices. Thus, professional sports teams can have a significant impact in reaching and influencing consumer adoption of green behavior. Finally, the authors recommend that sports organizations should incorporate environmental practices in their operations, and communicate these efforts to consumers. By so doing, they expect a broad influence of consumer green actions, which eventually will lead to social change. It is predicted to also benefit the team.

The highly involved nature of sports is intrinsically suited to developing an online community and relationship between the fan and the team (Evans & Smith, 2004). Sports appear to have an advantage when it comes to internet marketing, including stickiness of the sports site, and the ability to hold a visitor for longer, which in turn builds an online community. This provides the ideal opportunity for sports organizations to leverage the Internet and their website to engage consumers and fans, as well as influence green fan behavior. Sports fans can enjoy involvement with the team online via web-streaming, live simulcasts, or via web portals (Hur, Ko, & Claussen, 2012). Since almost two-thirds (61%) of Americans consider themselves to be sports fans (Henly et al., 2012) and attendance at team games can range from 68,000 to 4 million per game, and up to 30 million visitors can view the website in a season, sports teams can leverage their sustainable activities by posting information on their respective teams’ websites.

**THE GREENING OF PROFESSIONAL SPORTS**

A decade ago, 2003, the Philadelphia Eagles were pioneers in the “green sports” movement, when they implemented a green renovation for Lincoln Financial Field Stadium (Henly et al., 2012; O’Brien, 2011). Efforts there included: recycling, solar panel scoreboards, renewable energy sources, fan education initiatives as well as using environmentally friendly paper products. The next year the Natural Resources Defense Council (NRDC) became the principal advisor to all major North American professional sports leagues ("Greening Sports,"). Efforts of the NRDC over the next several years assisted in reducing the
environmental impact of stadiums and arenas by commissioning energy, waste and water efficiency audits. Energy conservation efforts continued to focus on several professional sports teams, including solar installation at the Cleveland Indians Progressive Field (Henly et al., 2012) in 2007, 1727 solar panels installed in the LA Clippers Staples Center in 2008 and a five year sustainability plan by the Toronto Maple Leafs Air Canada Centere to divert 95% of waste, reduce energy consumption and the carbon footprint by 30%. In 2009 sustainable efforts continued with recycling efforts, but also added “Green Day” events, and public service announcements (“Angels team up with Fox sports west to host ‘Green Day‘,” 2009) to engage fans in the effort. Additionally LEED certification of team facilities included the Minnesota Twins, Atlanta Hawks and the Miami Heat (Henly et al., 2012). The San Diego Padres also received several awards: EPA WasteWise Award, San Diego Partnership Sustainability Award and California Integrated Waste Reduction Award (“Green initiative for Petco Park.”).

In 2010 the Green Sports Alliance was founded by Paul G. Allen’s Vulcan Inc. and the NRDC (“About Us,” 2013), with the mission of helping sports teams, venues and leagues reduce their environmental impact. Also in 2010, continued efforts of professional sports included additional LEED certification for the Houston Rockets Toyota Center, Portland Trail Blazers, and the Pittsburgh Penguins Consol Energy Center. The National Hockey League also launched the “NHL Green” website: www.nhl.com/green, to educate fans and enhance the ecological profile of the league (Henly et al., 2012). In 2011, the L.A. Galaxy Home Depot Center was the first outdoor stadium to receive ISO 14001 certification for their environmental management system. LEED certification of facilities continued, and more activities were initiated which involved fans, including educational programs, collecting and recycling materials, community events and outreach programs.

Major league teams continued in 2012 to gain LEED certification (Henly et al., 2012): Chicago Bears Soldier Field, the first NFL stadium to be certified; Milwaukee Brewers’ Miller Park the first stadium with a retractable roof, and the highest certification for environmentally sustainable concession stands, lighting fixtures, and energy efficient scoreboard (Liu, 2013). Other stadiums installed solar panels, solar displays, wind turbines (Progressive Field, Cleveland Indians), as well as purchased paper supplies of recycled content, recycling paper, cooking oil, food waste, and reducing greenhouse gases. Most recently, in 2013, Earth Day-related events included the Oakland A’s purchase of renewable energy credits, for a carbon neutral game (Newman, 2013), e-waste recycling drives, fan rain gauge and Earth Day video give-aways, as well as environmental trivia on scoreboards during games. The Brooklyn Nets also launched the “B” Green program, to engage fans in sustainability efforts at the arena, which included: bicycle racks at the park, support of mass-transit, and recycling. The NBA Green Week was the first ever, week-long green initiative by a sports league. This initiative included: alternate transportation by bicycling to a game, composting, planting flowers and trees, water testing, recycling, and fan education at the game (Henly, 2013).

**METHODOLOGY**

To determine what information professional sports teams have posted on the respective teams’ website, a trained data collector reviewed a total of 141 team websites for each major league professional sports team during June and July of 2013. There were 30 Major League Baseball, National Basketball Association, and National Hockey League websites, while there were 32 National Football League and 19 Major League Soccer websites. The data collector used search terms on each site related to green activities including: environment, go green, recycle and sustainability. Additionally the site was reviewed for a page or area of pages dedicated to green activities, and web pages containing news items, which might contain relevant information. Each activity or sustainable initiative listed on the individual website was identified by reviewing information posted under team website community events, news archives, sustainability, blogs and other index links connected to the team site. These were recorded verbatim as they were posted online. After data collection, the researchers categorized these individual activities in four categories that were clearly evident: operations, food service, transportation and stadium (facilities).

**RESULTS**

A total of 113 of the 141 (80%) of the team websites had information posted on at least one sustainable initiative. Activities related to operations included the use of “green” cleaning products, energy efficiency, recycling, publication printing, and waste reduction. The activities identified which related to food service activities included composting, donation of food, purchasing eco-friendly supplies, recycling cooking oil and concession paper products. Sustainable transportation efforts included installation of bike racks or bike parking, alternative transportation or mass transit support, and preferred parking for hybrid or fuel efficient vehicles. Initiatives that related to the stadium or facility included LEED certification, solar or wind power, energy efficient signage and water
conservation. The more frequently noted actions are listed in Table 1.

<table>
<thead>
<tr>
<th>Green Initiatives</th>
<th>Number of Teams</th>
<th>Number of Sports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycling</td>
<td>69</td>
<td>5</td>
</tr>
<tr>
<td>Water conservation</td>
<td>25</td>
<td>3</td>
</tr>
<tr>
<td>Alternate transportation</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>Waste reduction</td>
<td>15</td>
<td>4</td>
</tr>
<tr>
<td>LEED</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>Food-donated</td>
<td>14</td>
<td>3</td>
</tr>
<tr>
<td>Recycled paper products</td>
<td>14</td>
<td>4</td>
</tr>
<tr>
<td>Solar</td>
<td>12</td>
<td>4</td>
</tr>
</tbody>
</table>

Twenty teams mentioned carbon footprint, emissions, or offsetting, with half of them citing reduction of the team’s carbon footprint. This is less than 15% of all the teams participating in green efforts, but still worth noting. Other actions, such as supporting bike riding, or taking public transportation, and hybrid vehicles could be considered initiatives which also contribute to reduction of emissions and carbon footprint. Individually identified initiatives included eco-friendly products/supplies, LED signage, Field Turf, which reduces water consumption, as well as water reclamation and recycling. Other individually named activities are too numerous to identify in this discussion.

To determine if individual green initiatives were specific to one or more sport, a chi-square test of independence was performed, analyzing individual green initiative actions by sport. Results were statistically significant for one sustainable initiative, water conservation ($\chi^2=10.689$, $df=4$, $p=.03$). Analysis of the cross-tab frequencies found that baseball is more likely to have implemented water conservation efforts and mention energy efficiency in their operations. Baseball and basketball were more likely to mention recycling. Baseball and hockey were more likely to indicate waste reduction, and hockey also cited waste diversion. Baseball and soccer were more likely to use composting in food service actions, while baseball was more likely to recycle cooking oil. Hockey was more likely to donate food, but baseball and basketball also donated foot at expected levels.

A second chi-square test of independence tested the four categories of sustainable initiatives: stadium/facilities, transportation, food service and operations, across the individual sports. Results were statistically significant for stadium/facilities, ($\chi^2=12.191$, $df=4$, $p=.016$), and transportation, ($\chi^2=10.9774$, $df=4$, $p=.027$). Analysis of the cross-tab frequencies indicated that baseball, soccer, and football were more likely to support stadium-related environmental initiatives. Because these sports have outdoor venues, the authors wonder if this could influence their choice to reduce the environmental impact of their stadiums. Further, cross-tab frequency analysis indicated baseball and basketball were more likely to support transportation efforts, while football and hockey were less likely to do so, though not statistically significant.

Chi-square results were not statistically significant for food service and operations initiatives, but cross-tab analysis indicated that baseball and hockey were more likely to employ food service actions, while soccer and football were less likely. Baseball, basketball, and hockey were also more likely to support operations-related environmental initiatives. A third chi-square test of independence was administered to determine if the number of different initiatives in each of the green categories was significant. Results were statistically significant for stadium initiatives, ($\chi^2=30.043$, $df=16$, $p=.18$), and cross-tab frequencies indicated basketball was more likely to cite four sustainable stadium initiatives, baseball and hockey three stadium-related initiatives, soccer two actions, and football only one initiative. One baseball team reported seven different stadium-related green initiatives. The results were not significant for the number of actions in operations, transportation and food services.

Every sport had at least one team supporting an effort in each of the four categories identified, however it seems that Major League Baseball is “greener” than the other sports. Major League Baseball is more likely to have enacted environmental initiatives across all categories of sustainable actions. At this point, it appears that baseball has “won” this round of the green competition. Also, sports which use outdoor facilities are more likely to have enacted stadium-related initiatives.

**CONCLUSION**

There are financial and strategic advantages for going green: monetary savings, local economic growth, improved brand image, competitive advantage, attraction of new clientele and corporate partners (Henly et al., 2012). More importantly, green activities can enhance the fan experience and strengthen community ties. All of these advantages can be leveraged by marketing the team’s green actions and activities, and promoting the team’s commitment to environmental responsibility. The positive impact of sustainable efforts cited by team executives include attracting positive press and generating publicity, engagement with the city and community, selling to more customers, building deeper customer relationships and brand development, along with enhancing the overall fan experience, all things which marketing efforts currently strive to accomplish. In
conclusion, not only developing sustainable initiatives, but promoting them online and at the stadium via events, and fan-inclusive actions, position the team as a socially responsible corporate partner in the community and engage fans and build enthusiasm.

**LIMITATIONS AND FUTURE RESEARCH**

This study is exploratory in nature, and only investigated the sustainable actions reported on the professional league team websites. This in all likelihood does not include an exhaustive list of the green initiatives these teams are employing. While previous research indicates green actions of sport teams positively influence their reputation with fans, and encourage fans to be green, this study did not investigate the influence of team green actions on fans’ personal environmental behaviors. Further research could investigate if fans adopt green behavior in their daily lives.

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CONNECTING TWO STUDENT CULTURES USING A BLOG TO ENHANCE INTERNATIONAL MARKETING CULTURAL INSIGHTS

Tyler Laird-Magee, Linfield College

EXTENDED ABSTRACT

In three weeks how can undergraduates in Wuhan, Hubei Province, People’s Republic of China successfully select, adjust, and approach introducing a Chinese product to America, never having taken a marketing class before? A blog proved a good solution as Chinese group members used it as a core learning tool to gather primary data from chosen American student bloggers to complete their Country Notebook assignment.

During our first week we focused on Who We Are, understanding the role geography and history play in creating a culture’s context. By mid-second week we advanced to What We’re Doing, examining how to use these cultural understandings to better determine how to market in that country through primary, the blog, and secondary data gathering. The last few days we reviewed, What We Learned, by sharing through presentation of the group’s Country Notebook paper, group oral presentations and class dialogue.

Using this experience, my first time to visit China and teach international marketing, I returned with many cultural insights, examples and experiences which laid the platform to fundamentally transform my international marketing class in America. Specifically, four cross-cultural assignments, created for this international marketing course, now better inform cultural discussions in the author’s same course taught in an American classroom.

After my American students complete their in-classroom activities — description of a state, American phrase, a fish tank observation, and examine a Chinese food item with “What’s in the bag?” I offer what my Chinese students’ responses were by connecting with their blog postings. This experience enables a wonderful cross-cultural learning. Based upon this experience and subsequent use of these cultural-based activities, any international business class with its core built upon cultural understanding can utilize this approach and in-class activities. This blog gave tremendous cultural insights for all, students and professor alike.

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NEED FOR TOUCH, GENDER, SELF-CONSTRUAL, AND INTERNET SHOPPING ATTITUDES AMONG KOREAN CONSUMERS

Seung-Hee Lee, Southern Illinois University
Kwangho Jung, Seoul National University
Jane Workman, Southern Illinois University

EXTENDED ABSTRACT

Conceptual framework: Both utilitarian and hedonic motivations are competing fundamental motivations for consumer behavior (Babin, Darden & Griffin, 1994). According to Childers, Carr, Peck, and Carson (2001), the motivation of consumers with a utilitarian (i.e., instrumental) perspective is an efficient and timely use of resources whereas the motivation of consumers with a hedonic (i.e., autotelic) perspective is the shopping experience itself as a pleasurable pursuit. Based on those theories of consumer motivation, Peck and Childers (2003a) developed a two-dimensional Need For Touch (NFT) scale to measure consumer preference for obtaining and using haptic information. Instrumental NFT involves goal-directed touch (utilitarian); autotelic NFT involves pleasure-seeking (hedonic). However, little empirical research has explored what factors of consumer behaviors are related to different levels of instrumental and autotelic NFT as well as the whole level of NFT.

We explored potential NFT related hypotheses regarding consumer behavior. The purpose of this study was to examine how the NFT variable is associated with gender, self-construal, and Internet shopping attitudes among a sample of adult Korean consumers. First, gender differences in NFT have been found with women scoring higher on NFT (total, autotelic and instrumental) than men; further, women scored equally high on autotelic and instrumental NFT but men scored higher on instrumental than autotelic NFT (Workman, 2010). Second, research has documented the importance of self-construal to consumer behavior, but has not examined how the self-construal variable is related to NFT. Independent self-construal is a stable self that is separate from social context and focused on internal abilities, thoughts, feelings, uniqueness and self-expression (Singelis, 1994). Those with a well-developed independent self-construal are likely to have a higher level of instrumental NFT than those with well-developed interdependent self-construals. Independent self-construal individuals are self-oriented so they may use instrumental touch for utilitarian purposes. On the other hand, an interdependent self-construal is a variable self focused on external statuses, roles, and relationships (Singelis, 1994). Those with a well-developed interdependent self-construal may have a high level of autotelic NFT. Interdependent persons enjoy having relationships or interactions with other people; they may enjoy interacting with products through autotelic touch. Third, recent research has reported a negative relationship between NPT and attitude toward online shopping. Peck and Childers (2003) found that instrumental NFT and purchasing products on the Internet were inversely related.

Based on the NFT related discussion about consumer behavior, we propose the following hypotheses:

H1-H3: Women will differ from men in NFT, respectively the total level, autotelic NFT, and instrumental NFT.
H4: Individuals with a high independent self-construal will have higher instrumental than autotelic NFT.
H5: Individuals with a high interdependent self-construal will have higher autotelic than instrumental NFT.
H6-H8: Those higher (vs. lower) in NFT will differ in interdependent self-construal, independent self-construal, and attitude toward Internet shopping.

Method: A questionnaire contained demographic items and scales measuring Need For Touch (Peck & Childers, 2003), Internet shopping attitudes, and independent/interdependent self-construal scale (Singelis, 1994). The questionnaire was pretested after being translated into Korean by the widely used back translation method (Green et al., 1980). An adult sample was recruited from an on-line survey company. Data were analyzed using descriptive statistics, t-tests and MANOVA/ANOVA. Cronbach’s alpha for each scale ranged from .804 to .942, indicating that reliability of the scales was acceptable.
Results: Participants were 320 South Korean adults (160 women, 160 men) in their 30s (33.1%), 40s (33.5%), and 50s (33.4%). Their ages ranged from 30 to 59 (mean age = 43.7; SD = 8.17). MANOVA was conducted with gender as the independent variable and total scores on the NFT scale, autotelic NFT, and instrumental NFT as the dependent variables.

First, empirical results revealed a significant effect for gender; women scored higher than men on the total NFT scale and the two subscales. H1, H2, and H3 were supported. We also tested if women (men) have a higher autotelic NFT than instrumental NFT. Both groups had higher instrumental NFT than autotelic NFT significantly. Women had higher instrumental NFT (Mean= 26.81) than autotelic NFT (Mean=23.14, p<.0001). Men had higher instrumental NFT (Mean=24.54) than autotelic (Mean=21.19, p<.0001).

Second, to test H4 and H5, two groups were formed based on median -- higher (lower) independent self-construal and higher (lower) interdependent self-construal. Individuals with a high independent self-construal had higher instrumental NFT (M=27.01) than autotelic NFT (M=23.6, p<.0001); H4 was supported. Individuals with a high interdependent self-construal also had higher instrumental NFT (M=26.50) than autotelic NFT (M=22.76, p<.0001); H5 was not supported.

Third, a one-way ANOVA with NFT (high/low) as the independent variable and interdependent, independent, and on-line shopping attitude as dependent variables revealed that the high NFT group showed higher scores on interdependent (High NFT M = 52.09; Low NFT = 50.55) and independent (High NFT M = 49.35; Low NFT = 46.58) self-construal but lower scores for Internet shopping attitudes (High NFT M = 63.96; Low NFT = 66.46). H6, H7 and H8 were supported.

Discussion & Implications: We confirmed the level of NFT in consumer behavior significantly differs by gender, self-construal and Internet shopping attitudes. NFT scores for both autotelic and instrumental are higher in women than in men. Instrumental NFT scores are higher for both the high independent and the high interdependent self-construal groups. Internet shopping attitudes are reversely associated with NFT scores. In particular, there is a relatively strong negative relationship with instrumental NFT scores. These empirical findings suggest that instrumental NFT is powerful among Korean consumers. Even consumers with interdependent self-construals prefer instrumental NFT to autotelic NFT. It appears that Korean consumers rely on instrumental NFT because of various reasons including a high level of outcome-directed touch and lack of reliable information about quality of products. Such instrumental based NFT consumer behaviors may result from the context of Korean culture emphasizing a strong goal-driven and performance based evaluation. These results would help international firms or companies to understand Korean consumers for their global marketing strategies. Further research is needed to investigate a wider variety of consumers to better understand different cultural values or attitudes globally.

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Key Words: Need For Touch, Internet Shopping, Self-Construal, Korean Consumers

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SOCIAL MEDIA SURVEY OF MARKETING STUDENTS

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EXTENDED ABSTRACT

This presentation reports the results of an extensive survey of the social media (SM) experiences of undergraduate junior/senior marketing students. The instrument of investigation was a questionnaire that was designed to identify the breadth and depth of student experiences with the media.

The term social media (SM) refers to the electronic means by which people and organizations communicate experiences, facts, knowledge, intentions, opinions, perceptions, and sentiments in a variety of forms that are referred to as content. The latter may be music, sound, text, pictures, videos, and/or animations in electronic formats. In the process of their creation, modification, and exchange, electronic communities develop. They are known as wikis, blogs, social networks, and virtual worlds. Blogger, Facebook, Foursquare, LinkedIn, Second Life, Twitter, and Wikipedia among many others are popular SM applications/sites.

Early in its emergence, SM was looked upon by the marketing academy as an instructional technology tool (ITT) much like e-mail, Web 1.0, and many adaptations of the latter such as Web-based course instruction, bulletin boards, chat rooms, discussion groups, newsletters, and depositories of course related materials. Many reports of ad hoc experimentations with the ITTs in marketing courses appear in the marketing education literature. See the Journal of Marketing Education (JME), Journal for the Advancement of Marketing Education (JAME), Marketing Education Review (MER), and the link at the end of this document for related articles. Unlike these early ITTs, SM changed the locus and content of the learning environment as well as the role of the instructor. The classroom and the instructor were no longer respectively the primary locus and source of learning. Where adapted to the learning of marketing, the loci and sources grew to include the membership and content of SM communities. The instructor became a facilitator of learning who oriented students to the community and functionality of the SM app/site. As a result, learning and instruction became communal. The emergence of SM also impacted the practice of marketing. The SM communities became forums in which organizations could seek, establish, and grow pre-sale and post-sale relationships with customers. This transformed practice. The impact is reflected in the professional literature that is replete with discussions of how marketers reach out to their customers through SM and how educators can prepare students to enter the profession so transformed. The results reported here provide some insight to the extent the marketing students’ academic and recreational experiences with SM rise to the level of preparedness recommended by marketing practitioners.

Although the results of small and large scale survey studies of undergraduate experiences with SM appear in the literature, little is reported about the breadth and depth of the SM experiences and skills of upper level (junior/senior) undergraduate marketing students in particular. This presentation reports the results of surveying several hundred undergraduate marketing students across the USA regarding their pedagogical and recreational experiences with SM and their perceived value of the phenomena in learning marketing and preparing for careers in the field. Understanding these aspects of the marketing student’s engagement with the media was the objective of this exploratory study. Hence comparisons with other undergraduate students and statistical inferences regarding them were not made. At the onset, there was no formal outstanding research hypothesis to be supported or otherwise by the results.

The questionnaire consisted of forty questions with some having several sub-inquiries. It was administered to undergraduate marketing students in above-principles level marketing-only courses at colleges/schools of business in Arkansas (1), California (1), Indiana (3), Ohio (1), and Pennsylvania (1) with a total of 321 usable responses. Most (53%) respondents were female, senior status (62%), and 25 years or younger in age (82%). The overall quartile grade point averages were 2.84, 3.10, 3.50, and 4.0. Thirty percent completed internships and 41% worked more than 20 hours per week. The median hours per day spent with SM including social networks was two hours.
Results of the survey include the following.

- The most patronized (% of respondents) SM apps/sites are Craigslist (47), Facebook (84), Google+ (43), Instagram (49), iTunes (61), Netflix (60), Pandora (68), Pinterest (37), and YouTube (82) and to a lesser extent Twitter (31), LinkedIn (29), Tumblr (10), and Yahoo Groups (6).
- SM apps/sites are patronized for purposes related to relationship management; to undergraduate coursework; to employment and internships; to creating/sharing user generated content, and for recreation.
- 19% of the respondents spend less than one hour per day with social media including social networks; 41%, 1-2 hours per day; 22%, 3-5 hours per day; and 15%, more than 5 hours per day.
- Most of the shared content is music, pics, and video in that order.
- 74% of the respondents indicated that they have contributed to a blog and 21% to a wiki.
- About 28% indicated some degree of participation in a virtual world.
- Although Facebook is very popular among the respondents, only 45% indicated its use is related to coursework.
- Few acknowledged having a personal website (6%) or domain name (14%).
- Most (98%) of the respondents own a desktop or laptop computer; 84%, a Smart Phone; 40%, a tablet (e.g., iPad, IPad); 30%, a cell phone without Internet connection; and 19% indicated ownership of an iPod Touch.

The survey responses indicated that marketing students limit revelation of self (identity) in their SM encounters but are generally consistent and accurate in the persona they present. They are concerned with security of their personal information. Most (55%) do not provide an online resume. However, 19% do so on LinkedIn. Students generally do not broadcast their online presence and most do not regularly manage or review how they are perceived in and among SM apps/sites. The majority of student SM relationships are with classmates, friends, family, and co-workers. The respondents indicated that some SM relationships are important and the valuable ones are few and selective. Establishing and growing relationships are not large with the surveyed students. Most (52%) students do not use the share button. Given this level of engagement with SM, it is not surprising that the content contribution of students consists mostly of photos and music shared with like-minded friends. Only half of the respondents have some temporal frequency of contribution to the content of blogs and fewer with wikis. At most, one out of three have hyperlinked, posted, or reposted original content. Students indicated that encounters with SM in marketing courses are limited. Respondent knowledge/familiarity with certain technical aspects of SM was shallow. Bookmarking and mobile advertising were known/familiar to over 80% of the respondents and one half or more were unfamiliar with Adwords/Omniature (70%), contextual marketing (54%), and RSS feed (50%). Most surprising result was student perceptions of the value of SM experiences in learning marketing and career preparation. Although more than 50% indicated agreement that the encounters widened their perspective of marketing, only 43% saw them as connecting theory and practice. About 40% agreed that the experiences improved their understanding of marketing practice. Only 38% viewed the SM experiences as useful for first career placement in a marketing position. However, nearly half agreed that the experiences were essential for first career placement in marketing.

In this presentation, the outcomes of an extensive survey of the social media experiences and practices of junior/senior undergraduate marketing students were reported. The breadth of SM patronage spans primarily nine apps/sites and the depth of experience with the functionality of patronized SM apps/sites is pedestrian. The experienced functionality of the apps/sites is more reflective of a user than a creator of content. Marketing students did not perceive themselves as ‘technology laggards’ with respect to SM.

The presentation is a contribution to the profession’s ongoing assessment of the use of technology for the improvement of the instruction and learning of marketing. Additional information can be accessed at: http://mongrelworks.org/mbaa2014.

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CAN CONSUMERS’ ONLINE PRIVACY BE PROTECTED?

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EXTENDED ABSTRACT

Who is protecting the consumer from the surreptitious invasions of privacy from behavioral targeting marketers? Will there be a Federal law against this kind of invasion of privacy? These are serious issues that can affect marketers’ strategies. But more important is the effect on public policy for consumers. Presently, there are state legislative initiatives and Federal legislative and administrative initiatives to limit behavioral targeting without consumers’ knowledge. This paper reviews the numerous attempts to give consumers the choice of protection and why it has taken so long to come to a final decision on the options that consumers may have to block out unwarranted and/or unsolicited consumer invasions. We also model and analyze the pros and cons of each option while attempting to predict what ultimately will be chosen by the government.

We believe that the advertising and marketing industry is facing three competing forces: state interpretation, developing Federal regulations, and the failure of industry self-regulation. We have reached a point where the Federal government’s “wait and see” approach to what the industry proposes in self-regulation is over. The Federal government has indicated that it is moving forward, with or without the advertising and marketing industry, in order to protect individuals’ privacy information. If the advertising and marketing industry continues to insist on pure self-regulation and fails to create a system that satisfies the Federal government, the current indicators make it clear that Federal administrative regulation will soon happen. When the Federal government creates legislation and regulations in this area, it will be catching up with the majority of states that have already created their own laws to strengthen their own state agencies in order to protect individuals’ information privacy. The marketing and advertising industry, much like the accounting and financial industries, will then find itself subject to an expanding web of potentially differing state laws and regulations that could conflict with or expand Federal law. This piecemeal approach to protecting consumers’ privacy creates a quagmire of enforcement, leading to a backlog of cases in which courts will try to determine statutory intent and jurisdictional disputes.

In our opinion, the industry should create cutting edge protections for consumer’s private information, create the highest levels of security for stored information, and increase transparency of collected information by working with the FTC, the Department of Commerce, and the National Institute of Standards and Technology so as to influence and control the development and the extent of federal legislation over private consumer information. The industry should also make sure it is on the forefront of anticipating future issues and technological innovations, such as the W3C Do Not Track protocol, thereby cultivating and ensuring consumers’ trust and confidence as they peruse the internet and contemplate future purchases.

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CAN FRANCHISING BE A VEHICLE FOR ECONOMIC MOBILITY?

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Richard J. Hunter, Jr., Seton Hall University

EXTENDED ABSTRACT

Part I of this two-part study introduces the concept of franchising, outlines its unique elements, delineates the categories or types of franchises and lines of businesses involved in franchising, describes the benefits of franchising in the U.S. economy, provides a guide to the various types of fees associated with the franchise relationship, and discusses the issues surrounding master franchising.

According to the forecast of the Franchise Business Economic Outlook (Haller & Weisbord, 2013), the number of franchise establishments in the United States will increase by 1.5 percent in 2013. The number of jobs in franchise establishments will increase 2.0 percent in 2013, following a gain of 2.2 percent in 2012. The output of franchise establishments in nominal dollars in 2013 will increase 4.3 percent, following a 4.9 percent increase in 2012. The gross domestic product (GDP) of the franchise sector is projected to increase to $472 billion in 2013. This is approximately 3.4 percent of U.S. GDP in nominal dollars.

James Gillula, of HIS Global Insights, noted: “We continue to expect that the economy is headed for another ‘spring swoon,’ this time brought on by the federal government’s spending sequester.” However, he continued: “The primary sources of the expected slow pace of GDP growth in 2013 will have a less direct impact on the franchise sector, and we expect the franchise sector will continue to outperform within many of the industries where franchises are concentrated.” (Haller & Weisbord, 2013).

What might be expected is that Business Services and Commercial & Residential Services will rank as the top two sectors in both franchise employment growth and growth of the number of establishments in 2013. Surprisingly, Real Estate (making a remarkable comeback from the depths of 2008-2009) will rank first in output growth and will be among the top three in franchise growth for establishments and employment. Quick Service Restaurants—the largest franchise business line—will rank third in the growth of output. While growth of full-service restaurant sales industry-wide slowed in the first quarter of 2013, the 2013 forecast for full service restaurants was revised downward slightly.

Franchising is and will remain an important sector of the American economy.

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THE RELATIONSHIP BETWEEN CONSUMER SENTIMENT TOWARDS ADVERTISING AND AD CREDIBILITY, AD LIKEABILITY, AND ATTENTION TO ADS: THE CASE WITH VISUAL METAPHORS

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EXTENDED ABSTRACT

A visual metaphor, also called a pictorial metaphor, is an indirect comparison of one kind of visual object (source) with another kind of visual object (target) implicitly suggesting an analogy or likeness between the two objects. It is believed that visual metaphoric ads are basically entertaining types and how people who are skeptical about advertising react when they watch such visual metaphorical advertisements is critical to understand for developing effective marketing communication utilizing visual metaphors. Sentiment toward Advertising captures how consumers generally view advertising activities in the marketplace. Consumer sentiment towards advertising either favorably or unfavorably can influence their responses to advertisements and personal traits. Hence, this paper investigates the relationship between consumer sentiment towards advertising and ad credibility, ad likeability, and attention towards ads.

Based on a detailed literature review this study presents three propositions about the relationship between customer sentiment towards advertising and the three dependent variables as follows.

P1: A high positive sentiment towards advertising is positively related to high ad credibility
P2: A high positive sentiment towards advertising is positively related to high ad likeability
P3: A high positive sentiment towards advertising is positively related to high attention to ads

The above propositions clearly show that individual attitudinal factors related to advertising in general do influence how a respondent reacts to visual metaphoric advertisements and have significant implications for advertisers, and ad agencies. First, the research reminds us that, to be effective consumers should have a positive sentiment towards advertising. Overall positive attitudes to advertising, in turn, render specific advertising messages to be better received and more effective among consumers. The advertising industry has become more adept and skilled at presenting advertising to increasingly cynical and media-savvy consumers. But this can only work up to a certain extent and in the long run advertisers should try to improve customers’ sentiment towards advertising.

One of the implications of this study is that not all consumers are same. Consumers’ responses to ads vary in their credibility and likeability and their attention to ads. Maybe advertisers should be more candid and honest when providing information in the ads. The study propositions are yet to be empirically tested and hence the generalizability of study findings is limited.

KEY WORDS: Ad Credibility, Ad Likeability, Visual Metaphors

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DISNEY TURNS TO STRATEGIC MARKETING FOR THEIR EXPANSION INTO SHANGHAI: A CASE STUDY IN THE DISNEY EFFECT

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ABSTRACT

Disney is in the process of building its fourth international theme park and the first on the Chinese mainland in Shanghai. This will be the largest park yet undertaken by Disney. They are going all out to reverse the initial setbacks of the last two parks in Paris and Hong Kong. Strategic marketing coupled with the extensive use of market research to blend the Chinese culture with the Disney way is the model being followed at Shanghai Disney.

The fourth international theme park and resort in Shanghai is being located in the most affluent area of China, the Coastal Region, on the Yangtze River Delta (YRD). The Coastal Region of China consists of the land on the Pacific coast going inland about 300 miles and has a population of about 350 million. The completion of the Park is expected to occur in late 2015 at a cost estimated at $4.4 billion.

It took six years of negotiation and Disney finally won approval from the Shanghai local government in November, 2009 to build its second Disneyland location in China. Situated in the Pudong district, south east of downtown. The first phase is planned to be 963 acres with a potential to be eventually near 1730 acres for future projects (Barboza & Barnes, 2011).

When you look at China’s growth over the past 30 years they have patterned their economic development on Japan. When you strip away the veneer of animosity the Chinese consumer today is much like the Japanese consumer at the time Tokyo Disney was conceived and constructed. Both people have a strong desire for a Western way of life which really means the American way of life coupled with their own respective heritage. What does this mean? It means that Disney is going into a most receptive environment much like they did in Tokyo and what they have to do to be extremely successful is to apply the “Disney Effect” which is nothing more than their extraordinary Strategic Marketing.

The Disney success can be attributed to their marketing policy. The company has a wide range of products and services of exceptionally high quality allowing for premium pricing and promotion strategies funded with high budgets. A 2011 Ad Age report listed Disney in the seventh highest position for expenditures in advertising of $2 billion. The other marketing costs are also quite high and are expected to be covered by strategic foreign direct investments to use as many dollars available to promote their brand effectively (Menegazzi, 2012).

Disney’s current situation on marketing takes into consideration the following characteristics: sell more to existing customers, expand their market place, continuous promotion, tracking business, and always improve or add to existing products. Disney is continuously offering goods and services for existing customers throughout their website, parks and resorts, television, radio, and cruise lines. Continuous advertising is also an enhanced marketing strategy of Disney: the company never stops advertising; through the most various means, making consumers keep the company in mind all the time (Menegazzi, 2012).

The biggest challenge for the Disney team will be establishing a Disney presence in China that is distinctly local while at the same time preserving the identity and core values of the company. “We want to give the public an authentic Disney experience,” says Murray King of Shanghai Disney (Hilgers, 2012). We are trying to gauge what visitors expect of us through focus groups, organized community activities, on-line meetings and individual surveys that give locals an opportunity to express their opinion. People want the real Disney experience. The other part we are focusing on is that we want it to be distinctly Chinese (Hilgers, 2012).

One of the main drivers for the successful expansion of the Disney brand to the Chinese market is that theme parks are already a growing phenomenon in China. According to Chris Yoshii, global director of consulting group AECOM, “We are definitely seeing a growth in interest in visiting theme parks” (Nugget, 2009). According to Yoshii, visitation numbers at existing parks have been showing strong growth over
the last few years and theme park managers have been investing in building better attractions. “The middle class market is growing and there are a huge number of tourists that are traveling around China. One of the things they want to see is the different theme parks and different experiences that they don’t have in their home city (Hilgers, 2012).

At the same time, these domestic theme parks are catering to a Chinese audience in a way not available to Disney. However, the Disney brand is on the rise in China and the arrival of the company is coupled with a number of other Disney endeavors. Disney English has a growing presence in cities throughout China. Earlier this year, Disney announced plans to open up to 40 retail outlets in the country over the next three years. Ten years ago very few people knew much about Disney. The company has done a really good job educating people about what Disney is all about with their continuous promotion of their products (Ellis, 2011).

The explanation for why the Disney empire, valued at $68 billion, is so successful is its intellectual property. No other company has such a stockpile of well known, cute, family friendly and highly marketable characters. Analysts like to point out that it takes more than a stockpile to do what a giant like Disney has done. “Hand each of the global media companies an equivalent piece of content, and Disney would make the most money pound for pound,” says Anthony DiClemente, an analyst at Barclays Capital (Orden, 2012). The reason is that Disney has had decades of solid experience in the logistics of how to make a product, whether it is a TV series or an animated film, how to ship related merchandise, how to price said merchandise, and how to market all of the above, anywhere in the world. The result is a series of successful projects conceived, built, and sold through Disney’s various branches (Orden, 2012).

When Disney wants to generate additional attention on TV it can do so through its network channel, ABC, or cable channels such as Disney Channel, which is known for being a star maker on its own. Add to this Disney’s knowledge of its audience around the world, it becomes a company that knows at what price Japanese consumers will buy the most Mickey Mouse hats and how to efficiently distribute Winnie-the-Pooh-themed English learning kits in China. “This is valuable information that’s not so easy for other companies to obtain,” says veteran media analyst Howard Vogel (Tracy, 2010).

That is largely because Disney has honed this knowledge over decades through a series of firsts in the field. The 1928 Mickey Mouse cartoon Steamboat Willie was the first cartoon with sound. Five years later Disney found a hit with Snow White and the Seven Dwarfs. In the 1950’s Disney produced television programs: The Wonderful World of Disney and the TV series Davy Crockett. Crockett proved that a single TV character could do well in a large U.S. merchandise market. Part of the Shanghai game plan is to familiarize the Chinese people with this history (Tracy, 2010).

Disney declines to discuss its pricing strategy. According to industry analysts, experts called the company’s pricing strategy shrewd. Disney analysts will constantly look for options giving Disney the most revenue bang for the buck. Although single day tickets account for only a small percentage of Disney’s total ticket sales, they are a widely used barometer of the industry’s pricing overall and can affect travelers’ perception of theme parks’ affordability (Ellis, 2011).

Disney has become the new highlight of Shanghai’s current economic development. Since the official commencement of Shanghai Disney project in April, 2011, the theme park and supporting municipal services projects are progressing in an orderly manner as planned. The theme park of Disneyland Phase One will come into operation toward the end of 2015 as scheduled. Shanghai will speed up the construction of its International Tourism and Resorts Zone with the Disney project as the core, in a bid to build up a world class tourism destination (Bui, 2012).

According to the latest Gallup survey and a collection of focus groups which compiled data from 9000 families surveyed in cities across China, the following data was compiled. In terms of lifestyles, urban Chinese compared to rural Chinese showed a growing interest in self-fulfillment by leisure activities such as attending theme parks. Urbanites show great satisfaction than those in the country. The urban-rural segmentation is important to understand because most of the poor live in the rural areas and will less likely be targeted for advertising attempts. The geographic concentration will be based in urban sectors where the people are educated with growing upper middle incomes and tend to accept new experiences more freely. The key segments for Shanghai Disney are local mid to upper income urban residents, domestic tourists, and foreign tourists (Bui, 2012).

In and around the Shanghai area, there are cultural differences in language, traditions, and food preferences. Advertising firms in China typically distinguish between five to eight city markets. This will help determine who will be more interested in the Disney concept of “young and young at heart” that is primarily the focus used on who will be spending the money. Women in the 30-45 age groups appreciate family values and creating the memories that Disney promotes with a “magical” experience. Men in the same age group are more utility shoppers who will buy whatever makes their wives and families happy. They believe that happiness and fulfillment is achieved with
balance and are, therefore, the target market segments is what Disney will be most successful with (Bui, 2012).

Based on the demographic information provided, the total market size for Shanghai amusement parks is estimated at 72 million. From the market research analysis, Shanghai Disney is estimated to capture 15 percent of this market, with a 25 percent penetration from Shanghai urban residents and a 10 percent penetration from the tourist market. This puts Shanghai Disney with an estimated 10.64 million visitors in its first year of operation (Menegazzi, 2012).

The urban households should be considered for target markets for several reasons. Shanghai is one of the wealthiest, if not the wealthiest city in China and its residents are considered the trendsetters of the country. Therefore, the city’s view of this park will influence other Chinese visitors that may travel to Shanghai Disney. Attracting the urban market requires sub-segmenting this 16 million populated group based on their wealth distribution. Even though China has an income disparity and lacks a well defined low to middle income group, it is expected that Shanghai’s wealth distribution is slightly improved when compared to the overall country distribution. Therefore, estimates of the wealth distribution of Shanghai should be assessed separately. An income floor should be set for the target market to determine the potential penetration rate for the mid to upper group. The income floor used in this analysis is $3,600 USD (30,000 Yuan), which reduces the urban segment to 5 million. The percentage of attendees estimated in this mid to upper group, 80 percent, comprises 4 million visitors (Gonia, 2012).

Understanding the tourist market in Shanghai for domestic tourists is important because it provides a large influx of money into the city. In 2010, 65.5 million domestic tourists visited Shanghai. A conservative estimate of the penetration rate of the market is required. In the assessment, 12 percent was assumed for the mainland domestic tourists and one percent for the overseas domestic tourists, which adds 7.8 million visitors to the captured market for Shanghai Disney. For foreign tourists, the same methodology applied for domestic tourists in considering the foreign segment. However, only five percent of this market will add an additional 75,000 to the captured market (Menegazzi, 2012).

When tourists come to Shanghai, they will not only visit Disneyland, but will also go to other scenic spots, shopping malls, and restaurants. In this way, the tourism, hotel, catering, and transport industries of Shanghai will all directly benefit. For example, outlet projects have already been finalized. Another one is in the Pudong area which is located in the vicinity of Guangdong Avenue Station of Metro Line 2, and is about 10 minutes from Disneyland by car. The related relocation process is basically completed and the outlets can be opened for operation by the end of 2013. Some enterprises intend to construct shopping centers or work on projects in the surrounding areas (Brady, 2011). Disney promotes its products through media that they own. Having the Chinese people understand the Disney English and want the product is the first step to their marketing plan. It took several attempts with the Chinese government before they allowed the Disney channel access to networks in China, but they managed to see it through. Also, implementing a very important factor into this marketing plan is to immerse itself in the culture goal. Kelei An, a reporter for Best-News said, “rely on the strength of the Shanghai team to have the design standard, reflecting China, as well as, on maintaining an authentic reflection of Chinese style full of their expectations and flavor, so visitors feel at home” (An & Zhenhua, 2013).

Disney believes in building a community of dedicated loyal fans. It has used the social media in a big way. According to a Disney official, “Social media lets you uniquely connect with fans. The tone and the content are more casual and insight based and insider based, especially for the most ardent fans of the franchises”. Disney is very active in the social media sphere under the name Disney Living. Disney has more than 300,000 likes on Facebook, 29,000 followers on Twitter and 8.8 million views on YouTube in less than two years. In addition to social media, Disney advertises in conventional media as well. It believes in constant advertising, both online and offline, so as to be always in its customers’ minds. Disney also uses direct mail and sales promotions (Zhu & Xu, 2010).

With Disney’s formation of Walt Disney Company, there are over 100 million smart phone users and 800 million regular cellular users. This is a huge opportunity for Disney Interactive for games, applications, and ringtone sales. Also in the technology sector, they are designing a new website for mobile based web inclusion and ease. More web based content availability is a huge opportunity to get the brand into more hands both young and old (Carducci, 2011).

New FFC documents show the new Disney “Magic Band.” Part of this next generation experience that it will be rolling out for Shanghai Disney in upcoming years. Based heavily on RFID technology the band is presumed to be used for admission to the parks, charging privileges at any Disney location within Disney theme parks and resorts. It will even offer location tracking for families and guests to find their friends and loved ones in the parks. The amount of primary data that will become available to the
marketing strategists at Disney will be completely unheard of. They will know exactly where their guests are at all times, purchase patterns of both merchandise and food, and even when they go back to their hotel for their afternoon nap. Through the information provided at check in, the resort guests using this band will provide Disney with information from almost every consumer behavior sector such as cultural, social, personal influences, and psychological factors. This is observation research that will enhance their marketing and trump all other observation research. With including surveys at the top of the visit and at the end of the guest’s stay and the market research will be zero to none in depth (Menegazzi, 2012).

Shanghai Disney is not only a theme park. The planning of its surrounding areas aims at drawing in different services such as entertainment, creative business, conventions and exhibition, tourism, and hotel business that tie in with the city’s industrial restructuring efforts. Construction of the resort infrastructure has already begun in full swing. According to the city of Shanghai, Disney’s investment of 4.4 billion USD and taking into account operating cost upon completion, the total investment will exceed that of the Shanghai World Expo. As the largest modern service project launched in China in the last 30 years, it helps raise the competitiveness and influence of Shanghai further boosting the city’s role in stimulating the economy of the YRD (Gonia, 2012).

Disney has already started to recruit business operators. The business recruitment base for the Disney project is a joint set up with the Administrative Commission of Shanghai International Tourism and Resorts Zone, the Shendi Group (Disney’ partner), and related parties has been open for operation. Situated next to the Disney project, the base serves as the office for related enterprise registration and business dealings. The related business recruitment of the Disney project has attracted the attention of numerous enterprises with investment in tourism, performing arts, and creative and cultural, retail, catering and hotel industries. Some real estate enterprises have also tapped into residential development of the surrounding areas of Disney. Firms such as Sany Heavy Industry, Kimberly-Clark, Lansheng Group, Marinetec Development, and China Eastern Airlines have already taken the lead in moving into the surrounding areas (Menegazzi, 2012).

The areas of Pudong and Chuansha, in particular, are taking positive actions to fully integrate with the theme park project. The nearby YRD region is also seizing this opportunity to strengthen its’ inter-city links with a view to driving the overall industrial restructuring and functional upgrading of the cities so as to give full play to the Disney effect (Gonia, 2012). The site of the Pudong Software Park and other industrial parks at Chuansha is obviously targeted as development opportunities brought forth by Disney. In their effort to solicit tenants, some office buildings in the surrounding areas are giving priority to emerging strategic industries and high end services such as software development, animation production, information technology, and cultural and creative industries. These parks are strengthening their R&D and speeding up the clustering of talents, technology, information and marketing to attract more firms (Leverk, 2012).

CONCLUSION

There appears to be a very cooperative effort being generated by the city of Shanghai and the Yangtze River District areas. This coupled with Disney’s comprehensive use of the marketing mix, and especially at this stage of the project’s development, their extensive use of marketing research bodes very well for the enterprise. Disney will bring its strategic marketing approach to solving the problems they are confronted with in Shanghai. They have used and are currently using every tool in their vast marketing portfolio to achieve that success. This is the “Disney Effect.”

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A CONTENT ANALYSIS OF THE MARKETING DOMAIN’S TOP PEDAGOGICAL JOURNALS

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EXTENDED ABSTRACT

The purpose of this research is to give authors within the marketing domain insight into the methods, standards and expectations of journal editors, reviewers and review board members of the three most prominent marketing education journals: Journal for the Advancement of Marketing Education (JAME), Journal of Marketing Education (JME), and Marketing Education Review (MER). The authors provide a content analysis that compares research methods used in articles published five years apart in these top journals. Twenty-five (25) distinct characteristics including items such as: number of authors, type and size of sample, pedagogical focus, research methodology, number of studies, and number of citations are compared between two data sets of 62 articles published in 2004 and 66 articles published in 2009.

The results of these studies reveal interesting trends, with varying amounts of change across these three journals in this 5-year timeframe. For JAME, the only statistically significant change between 2004 and 2009 was the increase in field studies. Otherwise, there were several areas that showed large percentage changes that were not statistically significant including increases over 10% in the areas of class specific articles, undergraduate focused articles, and those articles that contained a model. On the other hand, the areas of general pedagogical articles, articles using surveys and articles using mixed methods saw a decrease of 10% or more that were not statistically significant. Overall, it appears that JAME’s editorial board remained consistent in the types of articles they published and the expected methods and techniques they required.

Looking next at JME, statistically significant changes occurred across several areas. There were significant increases in the use of data types other than student and non-student human subjects indicating an increase in secondary and panel data usage, an increase in the proportion of studies that reported validity checks in some form, a significant increase in the number of authors per article by almost a full author per article, and a decrease of the average number of studies per article to a 2009 level of only one per article. Additionally, although not statistically significant, there were large percentage changes including a 13% increase in studies reporting reliability metrics, a 17% increase in qualitative studies and a 17% decrease in articles focusing on undergraduates. Several of these trends are comparable to changes made over the same time frame by what are traditionally considered the “top tier” general marketing discipline journals as reported by Artis and Fleming (2013). This suggests that, over the five-year evaluation window, JME attempted to emulate the highly rated general marketing journals, perhaps in an effort to maintain its position as the highest ranked pedagogically focused marketing journal (Steward & Lewis, 2010).

Finally, looking at MER, the statistically significant changes are much greater than the other two journals. There were significant increases in the use of student samples, articles focusing on specific courses, articles focusing on undergraduates, the average number of studies per article, the proportions of articles that are descriptive, and the average number of articles per issue. Additionally, there were significant decreases in the average number of authors per article, the proportion of articles that focused on general pedagogy and the average number of citations per article. These statistically significant changes were also accompanied by several changes of large magnitude that were not statistically significant such as the decreases of over 10% in the use of data other than student and non-student human subjects, articles focusing on graduate students, articles reporting validity metrics, and studies containing a model along with increases over 10% of articles using quantitative methods, using surveys, using qualitative methods, and using mixed methods. This large number of changes over the window of study suggests a shift in position by the editorial board in terms of the journal’s focus on the type of articles being published and the necessary components of those articles. However, an internal comparison does not reveal the impact of these changes, so the next step was to compare across journals to see if any trends emerged.
When the various journals are compared across time periods, some very interesting findings emerge. The first comparison that stands out is that the statistics for MER in 2009 have moved much closer to those of JME from 2004. On the other hand, JAME did not move in any significant way to mimic or mirror MER or JME. As the perceived market leader in pedagogical marketing journals (Steward & Lewis, 2010), JME would not be expected to move towards either of the other two journals, and they did not do so, but rather moved similarly to the six general marketing journals studied by Artis and Fleming (2013). For instance, JME increased the average number of authors per article as did five of the six general journals over the same time-frame to a level comparable with these journals (range from 2.28-2.95), and JME significantly increased the proportion of articles reporting validity (increase of 34.78%) like all of the general marketing journals (range of increase 20% - 57.90%). In addition, JME was similar to five of these general journals in that they decreased the proportion of articles that focused on descriptive findings and, like four of the journals, increased the proportion of qualitative studies. Finally, JME mirrored the Journal of Marketing (JM) and Journal of Consumer Research (JCR) in that it increased its use of mixed methods, which doubled from 4.35% to 8.70% over the observation period for JME, while JM went from 3.1% to 12.2% and JCR increased from 0% to 2%.

Two groups should find these findings useful. First, interested editors and their review board members can use the findings reported here to assess their overarching strategy and execution. Given that these three journals represent the core of pedagogical research within the marketing domain, it is of critical importance that each journal’s website, calls for submissions, reviewers’ feedback, and instruction from editors all work together to help potential authors focus on the characteristics that promote the best results for the readers of these journals. Second, budding authors interested in advancing pedagogical research within the marketing domain are encouraged to use the findings to better understand the current standards and expectations for research design and publication.

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KEYWORDS: Research Design, Pedagogical Research, Marketing Education Journals

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MARKETING ATHLETIC CLUBS, RECREATION CENTERS AND COUNTRY CLUBS: RECRUITING AND RETAINING MEMBERS USING PSYCHODEMOGRAPHICS

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ABSTRACT

Membership recruitment and retention is critical to fitness facilities managers and often the primacy of product and service offerings is overemphasized. This research indicates that consumer psychodemographics are more important in determining membership. A ‘SIT-UPS’ routine is offered to assist managers in marketing and membership initiatives.

KEYWORDS: Membership, Recruitment and Retention; Psychodemographic Segmentation, Fitness Center Marketing; Recreation Centers

INTRODUCTION

Membership recruitment and retention is a perennial challenge for fitness center directors and marketing managers (Williams, Pedersen and Walsh, 2012). Membership dissatisfaction and attrition is of primary concern, and the commonly accepted explanation for member defection is poor service quality, not because the services are no longer perceived to be useful or needed (Tharrett and Peterson, 2008). Aaker (1997) and Keller (2001) suggested over fifteen years ago that the power of a brand is derived from an association and relationship consumers have with a product offering. Alexandris, et. al., (2008) argued that managers should actively monitor the brand associations relevant to their service offerings. Finally, for a better understanding of brand preferences and purchase intentions, researchers and practitioners have emphasized the use of consumers’ values, attitudes, beliefs and lifestyles as they relate specifically to product or service offerings (Sheth, Newman and Gross, 1991; Yankelovich and Meer, 2006).

CONCEPTUAL FRAMEWORK

Historically, athletic clubs and fitness centers focused primarily on weight training. However, over time, these facilities have been transmogrified into resort-style, luxurious offerings (Woolf, 2008). It is not uncommon to find hospitals, recreation centers, wellness clinics, nationally franchised fitness facilities and renowned country clubs offering a panoply of health and fitness service offerings. As a result, consumers are now free to develop a variety of brand expectations vis à vis an even greater variety of fitness facility product and service offerings. It is precisely at this point of difference between what the consumer expects to receive and what the consumer perceives they will receive from each type of fitness facility that creates the marketing opportunity for fitness facility marketers and membership managers.

It would be erroneous to assume that consumers do not differ in values, tastes, preferences and social groupings regarding purchase and consumption activities. Tajfel (1981) cautioned researchers to be cognizant of the finding that consumers are members of social groups and that they hold specific and identifiable emotional values of personal significance in relationship to consumption activities. Fournier, et.al., (1992) utilized lifestyle inventories to predict users for products and services. Orth, et.al., (2004) emphasized that consumers vary greatly and that they will react differently to marketing communications given their lifestyle and psychographic characteristics. And finally, Fournier and Lee (2009) encouraged the creation of brand communities because “in today’s turbulent world, people are hungry for a sense of
connection” (p. 105) and can be more important “than the brands themselves” (p. 107).

It is this conceptual framework that researchers and practitioners recommend to health and fitness managers to measure and monitor consumer brand associations with their facility (Williams, Pedersen and Walsh, 2012; Alexandris, et.al., 2008). These brand associations then become the significant source of differentiation to be leveraged into a renewable and robust competitive advantage (Dickson and Ginter, 1987; Zook and Allen, 2011). The brand association and affiliation will become the foundation for a brand community exhibiting a shared collective consciousness.

RESEARCH PURPOSE AND QUESTIONS OF INTEREST

Fitness facilities of all genre develop their marketing strategy around product and service offerings like technologically enhanced equipment, personalized service and price packages. However, both fitness facilities managers and researchers often neglect to fully assess the impact and influence of psychodemographics on membership probability over and above the influence of the product and service offerings. The purpose of this research is to identify unique product and service offerings that are likely to be desired by consumers who have been categorized into discrete psychodemographic segments. Psychodemographic segmentation as used for this research is a unique combination of two consumer psychological typologies (thinking vs. feeling and introvert vs. extrovert) and two key demographic characteristics of education and income levels. This technique effectively segments consumers into functional lifestyles reflecting purchasing patterns according to needs, wants and expectations. Therefore, two research questions are addressed: (1) Can consumer psychodemographics predict facility membership over and above the influence of product and service offerings?; and (2) Will the clustering of consumers into psychodemographic segments reveal unique bundles of product and service offerings?

METHODOLOGY AND STATISTICAL ANALYSIS

A sample of 276 adults was obtained from eight communities in Northwest Pennsylvania and two conterminous communities in Northeast Ohio. The communities’ total population was approximately 60,000 with 45,000 adults over 18 years of age. Trained field researchers personally interviewed adults who were passing by and who were exiting store locations in popular shopping districts. The participants were asked if they were currently a member of any athletic club, recreation center, or country club. Those individuals who responded “no”, and could identify a local facility that they would possibly join, were asked to participate in the research.

Participating adults responded to the following eight questions: (1) On a 9-point scale [1=Not Very Important; 9=Extremely Important], how would you rate the following in terms of influencing you to join a gym, recreation center, or country club? [Cost; Location; Safety; Cleanliness; Staff; Equipment; Environment; and Programs/Educational Opportunities]. Participants responded to basic education and income level questions; their answers were classified according to the U.S. Census Bureau (Florida, 2008). Finally, participants were asked to reflect upon and decide if they were more of a THINKING or FEELING person and if they were more of an INTROVERT or EXTROVERT. These two personality traits are commonly accepted psychometric classifications (see Briggs-Myers and Briggs, 1985).

The interviewers determined each participant’s gender by inspection and asked if they were under or over 40 years of age. The participants were then given the opportunity to respond to the following 9 open-ended questions: (1) What kinds of activities would you like to participate in or learn more about regarding what a gym, recreation center, or country club may or may not offer?; (2) In what season do you think the most about joining a club and why?; (3) If possible, in what month would you most likely join?: (4) What would you like to know about members?; (5) What special service would you want to have offered?; (6) What type of sport or activity would you like to participate in?; (7) What do you do now to stay healthy?; (8) What prevents you from joining a gym or fitness facility?; and (9) How do you receive information or become knowledgeable about gyms or fitness facilities? The tenth and final question asked participants to rank-order their probability of joining each type of fitness facility.

Following the personal interviewing and data collection process, all participants were assigned to categories. The demographic characteristics of education and income were assigned to one of four categories: (1) high education/high income (HE/HI); (2) high education/low income (HE/LI); low education/high income (LE/HI); and (4) low education/low income (LE/LI). Finally, all participants were assigned to a psychological typology, based upon their self-assessment of being either a THINKING or FEELING person and an INTROVERT or EXTROVERT.
Hypotheses were tested using the SPSS statistical package (Version 19), and specific statistical model comparisons, correlation analysis and multiple regression techniques were employed to determine statistical significance (.05 alpha). Finally, the open-ended responses were assessed, rank-ordered and assigned to categories utilizing a commonly accepted qualitative clustering technique (see Strauss, 1987).

RESEARCH FINDINGS AND DISCUSSION

Participants identified nine local organizations that offer athletic, recreation, or country club memberships. This corroborates Woolf’s (2008) findings that demonstrate the plethora of unrelated supporting services that have been developed by fitness organizations in their relentless pursuit of building their memberships. This research reveals four distinct types of fitness organizations, as measured by the frequency of participant responses: (1) a Local Country Club – LLC (26.4%); (2) a National Community Recreation Center – NCRC (26.1%); (3) a Local Community Recreation Center – LCRC (24.3%); and (4) a Franchised National Fitness Center – FNFC (21.7%). These percentages reflect the elimination of the five facilities that evoked low (less than 5%) brand saliency and recall. This finding suggests two major categories of fitness facilities — profit and non-profit. Moreover, each category was evenly split in brand awareness, suggesting that neither has achieved sufficient brand meaning and brand association to differentiate itself in the minds of the research participants.

However, a psychodemographic analysis of the participants reveals four distinct profiles. Regarding the demographic characteristics of education and income, participants self-identified in the following manner: (1) high education/high income (HE/HI = 11%); (2) high education/low income (HE/LI = 49%); (3) low education/high income (LE/HI = 5%); and (4) low education/low income (LE/LI = 16%). This suggests that although the two categories of facilities exhibit equivalent brand awareness, the distribution of consumers is not proportional, and therefore may influence the decision-making process to join or retain membership. Regarding the psychological typology exhibited, the results suggest proportional representation. Specifically, the ratio of participants who self-classified as THINKING or FEELING was 47% and 53%, respectively; the ratio of INTROVERT or EXTROVERT was 49% and 51%, respectively. Therefore, it is reasonable to assume that brand recognition and psychological typology are proportional, whereas brand recognition and demographic characteristics vary significantly.

TESTING THE RESEARCH QUESTIONS

Two research questions are addressed. The first question is, “Can consumer psychodemographics predict facility membership over and above the influence of product and service offerings? Although a statistically significant relationship exists between product and service offerings and membership in three of the four types of facilities [NCRC; LCRC; LCC], results suggest that psychodemographics account for statistically significant variance over and above the variance accounted for by the offerings of all four types of facilities. In all the Tables (see Tables 1-4), the Restricted Model includes: Programs/Educational Opportunities; Location; Safety; Cost; Environment; Equipment; Cleanliness; and Staff. The Full Model includes the eight aforementioned product and service offerings plus the consumer psychodemographic characteristics of education and income (HE/HI; HE/LI; LE/HI; LE/LI) combined with the psychological typologies (THINKING/FEELING and EXTROVERT).

This research suggests that product and service offerings are important as to why a consumer may join a fitness facility, but in all four tested statistical models, psychodemographics predicted facility type membership over and above the influence of product and service offerings. This suggests that all types of fitness facilities must provide an array of offerings, but these are “the price of entry” to gaining a leveragable competitive advantage. Fitness facilities will not be able to survive without them, but they are not the critical dimension on which consumers decide their membership. The more robust competitive advantages will arise instead from other sources of differentiation like a strong sense of community and attachment with the organization and its members. Please refer to Tables 1-4 for complete statistical detail.

The second question is, “Will the clustering of consumers into psychodemographic segments reveal unique bundles of product and service offerings?” The psychological typologies and the demographic characteristics were sorted into categories and the findings strongly suggest that discernible characteristics emerge by facility type. Moreover, once the psychodemographic characteristics were counted and rank-ordered, specific bundles of product and service offerings emerged. Specifically, two salient findings emerged from the cluster analysis: (1) most participants, regardless of their psychodemographic segment, stated that if they were to join a facility, it would be in the month of January; and (2) most participants receive facility information from their peers. Table 5 highlights key findings that pertain to the four facility types and participant
membership. Also listed are desirable product and service offerings classified by facility type and psychodemographic segment. Given this information, a fitness manager at a specific type of facility can create a more targeted and timely marketing mix that will likely elicit brand responses and forge brand relationships with desired consumer niches.

Table 1. Psychodemographics vs Product/Service Offerings National Community Recreation Center (NCRC)

<table>
<thead>
<tr>
<th>MODEL</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted Model</td>
<td>.417</td>
<td>.174</td>
<td>.15</td>
<td>.174</td>
<td>7.045</td>
<td>8</td>
<td>267</td>
<td>&lt;.0001</td>
<td>S</td>
</tr>
<tr>
<td>Full Model</td>
<td>.772</td>
<td>.596</td>
<td>.574</td>
<td>.422</td>
<td>45.36</td>
<td>6</td>
<td>261</td>
<td>&lt;.0001</td>
<td>S</td>
</tr>
</tbody>
</table>

Table 2. Psychodemographics vs Product/Service Offerings Local Community Recreation Center (LCRC)

<table>
<thead>
<tr>
<th>MODEL</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted Model</td>
<td>.309</td>
<td>.096</td>
<td>.069</td>
<td>.096</td>
<td>3.52</td>
<td>8</td>
<td>267</td>
<td>&lt;.001</td>
<td>S</td>
</tr>
<tr>
<td>Full Model</td>
<td>.598</td>
<td>.357</td>
<td>.323</td>
<td>.262</td>
<td>17.70</td>
<td>6</td>
<td>261</td>
<td>&lt;.0001</td>
<td>S</td>
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</table>

Table 3. Psychodemographics vs Product/Service Offerings Franchised National Fitness Center (FNFC)

<table>
<thead>
<tr>
<th>MODEL</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
<th>Sig.</th>
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</thead>
<tbody>
<tr>
<td>Restricted Model</td>
<td>.220</td>
<td>.049</td>
<td>.020</td>
<td>.049</td>
<td>1.70</td>
<td>8</td>
<td>267</td>
<td>&lt;.098</td>
<td>NS</td>
</tr>
<tr>
<td>Full Model</td>
<td>.598</td>
<td>.357</td>
<td>.323</td>
<td>.309</td>
<td>20.87</td>
<td>6</td>
<td>261</td>
<td>&lt;.0001</td>
<td>S</td>
</tr>
</tbody>
</table>

Table 4. Psychodemographics vs Product/Service Offerings Local Country Club (LCC)

<table>
<thead>
<tr>
<th>MODEL</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted Model</td>
<td>.378</td>
<td>.143</td>
<td>.117</td>
<td>.143</td>
<td>5.562</td>
<td>8</td>
<td>267</td>
<td>&lt;.0001</td>
<td>S</td>
</tr>
<tr>
<td>Full Model</td>
<td>.925</td>
<td>.855</td>
<td>.847</td>
<td>.712</td>
<td>214.05</td>
<td>6</td>
<td>261</td>
<td>&lt;.0001</td>
<td>S</td>
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Table 5. Expected Product/Service Offerings by Psychodemographic Segment

<table>
<thead>
<tr>
<th>QUESTIONS</th>
<th>NCRC</th>
<th>LCRC</th>
<th>FNFC</th>
<th>LCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographic Classification</td>
<td>Low Education – Low Income (LE/LI)</td>
<td>Low Education – High Income (LE/HI)</td>
<td>High Education – Low Income (HE/LI)</td>
<td>High Education - High Income (HE/HI)</td>
</tr>
<tr>
<td>Psych-Typology 1</td>
<td>Feeling Person</td>
<td>Thinking Person</td>
<td>Feeling Person</td>
<td>Thinking Person</td>
</tr>
</tbody>
</table>

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Table 5. Expected Product/Service Offerings by Psychodemographic Segment (cont.)

<table>
<thead>
<tr>
<th>QUESTIONS</th>
<th>NCRC</th>
<th>LCRC</th>
<th>FNFC</th>
<th>LCC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psych-Typology 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What would you like to</td>
<td>Extroverted Person</td>
<td>Extroverted Person</td>
<td>Introverted Person</td>
<td>Introverted Person</td>
</tr>
<tr>
<td>participate in or learn - that</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a facility/club may or may not</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>offer?</td>
<td>Basketball</td>
<td>Racquetball</td>
<td>Running Machines</td>
<td>Golf</td>
</tr>
<tr>
<td></td>
<td>Camping</td>
<td>Handball</td>
<td>Weight Machines</td>
<td>Elliptical Machines</td>
</tr>
<tr>
<td></td>
<td>Canoeing</td>
<td>Free-Weights</td>
<td>Elliptical Machines</td>
<td>Jogging</td>
</tr>
<tr>
<td></td>
<td>Horticulture/Gardening</td>
<td>Swimming</td>
<td>Rowing Machines</td>
<td>Swimming</td>
</tr>
<tr>
<td></td>
<td>Martial Arts</td>
<td>Mountain biking</td>
<td>Rock Climbing</td>
<td>Cycling</td>
</tr>
<tr>
<td>Learn</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In what season do you think</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>the most about joining a</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>facility/club?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>“Staying in the house”</td>
<td>“I should be in</td>
<td>“preparing for spring”</td>
<td>“Thinking of golf</td>
</tr>
<tr>
<td></td>
<td>for three months”</td>
<td>shape - peer</td>
<td>vacation or trip”</td>
<td>and dining next</td>
</tr>
<tr>
<td></td>
<td></td>
<td>comparison”</td>
<td></td>
<td>year”</td>
</tr>
<tr>
<td>If possible, what month would</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>you most likely join?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>January</td>
<td>January</td>
<td>January</td>
<td>January</td>
</tr>
<tr>
<td>What would you like to know</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>about members?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Where they live</td>
<td>Names/Surnames</td>
<td>Where people work</td>
<td>Professional titles</td>
</tr>
<tr>
<td>What special service would</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>you want?</td>
<td>Medical related check-</td>
<td>Physical Fitness Test</td>
<td>Strength Testing</td>
<td>Health Screenings</td>
</tr>
<tr>
<td></td>
<td>ups</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What type of Sport/activity</td>
<td>Non-Competitive (No</td>
<td>Competitive</td>
<td>Competitive</td>
<td>Non-Competitive (No</td>
</tr>
<tr>
<td>would you like to participate</td>
<td>score)</td>
<td>Score/winner</td>
<td>Score/winner</td>
<td>score)</td>
</tr>
<tr>
<td>in?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diet/Nothing</td>
<td>Weight-lift/Go</td>
<td>Jog/Diet</td>
<td>Walk/Eat Healthy</td>
</tr>
<tr>
<td>What do you do now to stay</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>healthy?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Too expensive/Too</td>
<td>Family needs/Home</td>
<td>No Time/work or</td>
<td>No one to go</td>
</tr>
<tr>
<td></td>
<td>tired</td>
<td>Workout</td>
<td>school obligations</td>
<td>with/not necessary</td>
</tr>
<tr>
<td>What prevents you from</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>joining?</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Peers (WOM);School</td>
<td>Peers (WOM);</td>
<td>Peers (WOM);</td>
<td>Peers (WOM);</td>
</tr>
<tr>
<td></td>
<td>System; Handouts;</td>
<td>Volunteers;</td>
<td>Web; Radio/TV; Paper</td>
<td>Associations; Web;</td>
</tr>
<tr>
<td></td>
<td>Brochures; Church;</td>
<td>Handouts; Church;</td>
<td>Advertisement;</td>
<td>Colleagues; Web;</td>
</tr>
<tr>
<td></td>
<td>Physician; Web</td>
<td>Web</td>
<td>Billboards.</td>
<td>Media</td>
</tr>
<tr>
<td>How do you get information or</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>know about a facility?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rank-order the probability of</td>
<td>LCRC - FNFC - LCC</td>
<td>FNFC - NCRC - LCC</td>
<td>LCC - LCRC - NCRC</td>
<td>FNFC - LCRC - NCRC</td>
</tr>
<tr>
<td>joining each facility.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

RESEARCH IMPLICATIONS

This research reveals two key implications. First, psychodemographics are relatively more influential in membership decision-making than product or service offerings. The R-Square values (variance explained) in the Full Models for the NCRC and LCC facilities are 60% and 86%, respectively, whereas the R-Square value (variance explained) for the LCRC and FNFC facilities, is 35% for each. Therefore, this significant
gap in variance explained necessitates further research and analysis. And second, the qualitative clustering analysis strongly suggests that each psychodemographic segment desires facilities that “fit” their psychological profiles. Since these profiles are uncontrollable to marketers, it is imperative to hone your product and service offerings to a more precisely targeted niche, eschewing an “offer-it-all”, all benefits value proposition. Table 6 offers a ‘SIT-UPS’ routine to guide facilities managers in marketing and membership initiatives. Although there are certainly more than four types of fitness facilities, this framework can serve as a heuristic device for developing and implementing membership and marketing plans.

**Figure 1. A ‘SIT-UPS’ Routine**

| Segment your niche using psychodemographics | Investigate . . . do your offerings match your niche wants, desires and expectations?  
| Target your offerings by known and established relationships like gender and age |
| Understand that each niche has unique expectations beyond exercise | Plan your promotions when consumers start deliberating membership decisions  
Start engaging consumers with peer WOM campaigns – get “social” |

**LIMITATIONS AND CONCLUDING STATEMENT**

The sample for this research was limited in geographic area, and no participants actually joined a fitness facility. However, population shrinkage estimates utilizing the difference between R-Square and Adjusted R-Square suggest a stable prediction model, but replication is ultimately the key to research validity. In conclusion, research findings strongly support Founier’s and Lee’s 2009 assertion that the psychodemographics of community are more important than the brand itself.

**REFERENCES**


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KNOWLEDGE ACQUISITION IN SERVICE ALLIANCES: AN EVENT STUDY APPROACH

Joseph C. Miller, Rochester Institute of Technology
Wesley A. Pollitte, University of Southern Mississippi

EXTENDED ABSTRACT

This paper extends the theory of the knowledge-based view, and applies it to the concept of inseparability in service firms. Since for service firms, the simultaneous production and consumption of services make the locale of services to be context specific, we ask whether service firms are rewarded when the market perceives that the knowledge resources endemic to said firms transfer to other locations when the firm announces an international alliance.

This article examines the stock market response if service-centric public announcements for firms U.S. firms engaging in alliances in China. Additionally tested were whether the firms’ announcement involved a partnership with a Chinese firm, whether the firms would engage in a marketing agreement of some type, and whether the firms involved would set up a joint ventureship (JV). Findings indicated that the announcements generated excess returns for all test cases, save for those which involved instilling joint ventures.

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EVERYONE LOVES A WINNER…OR DO THEY?
INTRODUCING ENVY INTO THE SALES CONTEST TO INCREASE SALESPERSON MOTIVATION

Alex Milovic, University of Wisconsin-Milwaukee
Rebecca Dingus, Kent State University

EXTENDED ABSTRACT

Sales managers often use sales contests to increase activity and camaraderie among salespeople (Kalra and Shi, 2001). Over two-thirds of consumer product companies and over half of all industrial goods companies have utilized sales contests (Eisman, 1993). These contests aim to excite and motivate sales representatives to extend extra effort to reach short-term sales goals (Murphy and Dacin, 1998). In sales contests, a salesperson competes directly with other salespeople—often salespeople within their own sales team. The threshold of such a compensation system is the sales level of the other salespeople, and this moving threshold—that individuals identify plans relative to their competition—adds a level of intensity that improves results (Green and Stokey, 1983).

However, salespeople competing in sales contests know each other reasonably well, and the presence of a strong interpersonal dimension in contests increases salespeople’s feelings of pride and disappointment based on their performance (Kilduff et al., 2010). In a study of sales force contests, Caballero (1988) advises that they should be used “judiciously so as to retain their impact on sales force motivation” (p. 58). With careful planning and implementation, sales managers are likely to experience great rewards from using sales contests. This paper discusses interjecting envy into internal competition and, in particular, sales contests, to induce motivating behavior.

Given the degree of social comparison that occurs in sales contests, it is interesting to identify how contestants feel during a sales contest and after the contest has ended (upon seeing the results). One potential consequence of a sales contest is envy, which can be defined as an unpleasant emotion that occurs when someone covets what another has (Hill, DelPriore, and Vaughan, 2011). Sales contests, which force sales representatives to compete directly with each other for rewards, lend themselves to negative feelings that are at the core of envy. Salespeople who are underperforming in a contest are likely to look at higher performing peers with envy, wishing they could have similar success. What these salespeople do in response to envious feelings depends on which form of envy they are experiencing. Recent research has explored the theory that envy can be split into two distinct emotions—benign and malicious envy. Benign envy, sometimes referred to as “white” or competitive envy, leads to increased performance, while malicious envy leads to negative behavior aimed at bringing someone down in order to make the envier feel better (van de Ven, Zeelenberg, and Pieters, 2009).

Benign envy has been found to increase work effort in a person feeling envy, as they seek to relieve the negative feelings of envy by obtaining that which is envied (Foster, 1972). If sales managers can incite feelings of benign envy in their salespeople during a contest, it can be expected that motivation will improve, as those who are not doing well will look to call on more customers and increase sales volume in order to achieve results that are more in line with top performers (Crusius and Mussweiler, 2012). While benign envy can lead to increased performance, malicious envy, the dark form of envy, can lead to actions that would not be desirable in any professional environment. These actions may include reduced self-esteem, uncooperative behavior, and even outward hostility towards a coworker (Tai, Narayanan, and McAllister, 2012).

It may be difficult for a manager to determine if malicious envy is being felt by employees, as envious feelings are often kept from others and seen as socially unacceptable (Foster, 1972). Sales contests are fertile grounds for envious feelings, as they lead salespeople to compare their own sales methods and successes with their peers. Adding an envious component to a sales contest can lead to a more competitive atmosphere for both top- and bottom-performing salespeople. Envy can raise the performance of lower-performing salespeople while keeping higher performing salespeople interested in the contest. We propose techniques that sales managers can implement to elicit benign envy during a sales contest and caution against instances where malicious envy may occur.
A sales manager may choose to show the salespeople a list of top performers and metrics related to the contest, highlighting leaders while spurring others to try harder. A manager may also wish to add a ‘bottom-performers’ list, though that might lead to feelings of malicious envy. Additionally, managers can use prizes to elicit envy. Rather than awarding all incentives at the end of a contest, a manager can choose to award salespeople at different points during the contest (e.g., daily, weekly, monthly) to elicit envy. Similarly, a sales manager may also create a second tier of sales incentives for representatives who are too far away from the top performers (on the original stated goals) to bother competing in the main contest for the remainder of the contest cycle. Developing smaller contests-within-contests can lead to increased opportunities for benign envy. However, sales managers should take care not to overuse envy in sales contests, as the positive effect of envy may be reduced over time and with sales force tenure.

From a research standpoint, a number of techniques can be used to determine the effectiveness of adding an envious component to a sales contest. Researchers can measure individual performance, sales group performance, or salesperson feelings based on introducing envy into a sales contest. Self-reported surveys can measure how effective the salesperson thought the contest was, whether or not they felt envy, what type of envy was felt (benign or malicious), and whether they found the envy component useful in driving performance during the contest. By adding subtle elements of envy into sales contests, managers can increase positive competition, leading to results that benefit the whole sales team. Special care must be taken by managers to ensure that envy brought about is benign rather than malicious. If envy is introduced properly (i.e., eliciting benign envy), managers and salespeople alike could benefit from increased work effort and positive sales results.

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THE EFFECT OF BANK MARKETING STRATEGY ON STUDENTS’ SAVING DECISIONS

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EXTENDED ABSTRACT

Based on the mental accounting and the emotional accounting rules, this research investigated the effect of bank saving promotion on the college students’ saving decisions. A promise of this research is that when the marketing strategy is properly managed, the seemingly difficult switching from the college students’ desire of hedonic consumption (e.g., restaurant, travel and concerts) to savings can be possible.

Results from the first study showed that the bank saving promotion was effective when the college students were dealing with effort money (money from their hard-working). Using the mental accounting, we posit that it was because the bank saving amount functioned as a medium solution that temporally closed the open account at loss associated with the saving decision. Results from the second study failed to support our argumentation that the bank saving promotion would be effective when effortless money was attached with either positive or negative feeling. This implies that individuals find it difficult to ignore he desire of hedonic consumption with effortless money (money from fortune), regardless whether it was tagged positively or negatively. However, results from the second study continued to support the importance of the emotional accounting rule. The college students with positive feeling showed risk-taking behavior towards an interest rate increase, while those with negative feeling focused on the risk-avoiding behavior in response to decreased interest rate.

This research has theoretical and managerial contributions. From the theoretical perspective, this research is a first attempt to compare between mental accounting and emotional accounting under individual finance decisions. From the managerial perspective, the results revealed that the bank saving promotion was particularly effective 1) for a certain segment (college students earned money from hard-work) and 2) when the saving interest increases. In that sense, our results may be useful to understand how the college students select the bank.

The limitations of this research highlight the needs for further research. First, the sample size should be increased to check the reliability of the results. Therefore, the results shown in this research should be examined again with the results from another data set with sufficient number of subjects. Second, the different types of bank saving promotion should be tested for the purpose of generalization. Examples of other bank saving promotion may include the forgiveness of certain bank fees, the free upgrade of saving account membership, and the exchange of sports ticket. Last, the subject’s social-economic background and financial knowledge were not specifically considered in this study. These gaps should be filled in further research.

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CUSTOMIZATION STRATEGIES AND ALIGNABLE VERSUS NONALIGNABLE FEATURES

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EXTENDED ABSTRACT

Mass customization provides firms the opportunity to offer customers self-select attributes from a given menu to configure an offering that wholly embodies their individual tastes and preferences. Success of this strategy has led to its implementation in many different industries including computers, electronics, fashion, and furniture. This mirrors the recent research endeavors of marketing scholars to generate insight into the nuances of customer choice between different customization options. When customers self-select their desired products, a critical factor for managers is to offer consumers different options among various attributes, from which consumers select the most preferred ones.

The choice to allow customers to customize their product comes in two forms. Consumers can either add features to a base model (build-up) or remove the undesired features from a fully loaded model (scale-down). To illustrate, Dell offers consumers a base model, and then allows customers to select additional features. Conversely, BMW might offer consumers a “fully loaded” model, and then allows them to remove undesired features. Research suggests that scaling-down leads to a more feature-laden and more expensive final configuration than building-up. While prior research has focused on the effect of customization strategy on the quantity of options chosen, there is little attention paid to the type of options chosen. Based on structural alignment theory, consumers perceive differences in options as either alignable (one that is directly related to the functionality of the base product) or nonalignable (one that not directly enhance the capabilities of the base product, but rather, offer non-related benefits). Zoom of a digital camera will serve an example of aligned feature. An example of a non-aligned feature would be a camera carrying case, which does not enhance the primary function but rather, offers protection and the ability to change the appearance of the base good.

Alignable features are more readily recalled and easier to list. Further, consumers usually rely more on alignable features to evaluate choice and make decisions. Conversely, nonalignable features are more likely to be perceived as offering sensory and aesthetic benefits. Further, consumers may shift their focus on nonalignable features when they have more cognitive resources. Past research shows that compared to novices, experts are more likely to consider a nonalignable attributes as most distinguishable. Nonalignable features also take prominence when consumers evaluate service. Consumers search for compelling and justifiable arguments when choosing a product. Research also suggests that choosing (build-up) is a more important task than forfeiting (scale-down) and as such, product selection requires a higher level of justification. We argue that since alignable features are functional in nature, they will provide the compelling reasons and justification for choice when building-up. Consequently, consumers are more likely to choose alignable versus nonalignable features. Thus,

\[ H1_a: \text{In a build-up customization strategy, there is a greater likelihood to select alignable than nonalignable features.} \]

Past research suggests that forfeiture tasks (scaling-down) result in more spontaneous elaboration than acquisition tasks. Nonalignable features provide greater hedonic benefits, and as such are more sensory, alluring as well as emotionally and aesthetically pleasing, and more easily imaginable. Taken together, prior theorizing and findings suggests that scaling-down leads to spontaneous elaboration, and nonalignable features are more easily imaginable and consumers spend more time thinking how they would be worse-off without those, we believe that consumers will be less willing to give up the nonalignable features. Thus,

\[ H1_b: \text{In a scale-down strategy, there is greater likelihood to select nonalignable than alignable features.} \]
In Study 1, fifty undergraduate students (64% female) were asked to customize a laptop. Eight features were available for customization, with four being alignable (Operating System, RAM Internal Memory and Processor) and four were non-aligned (Carrying Case, Headphones, Mouse Pad and Webcam). Each feature had four levels of different price. For example, the Operating system had four levels: a Basic version priced at AUD 180, a Limited edition, AUD 260; a Special edition, AUD 330; and the Ultimate edition, AUD 390. Participants were randomly assigned to build-up versus scale-down customization strategies. In the building-up condition, lowest-priced level was pre-selected for each feature.

For each participant, the total amount spent on aligned (non-aligned) features was divided by the sum of the highest-priced aligned (non-aligned) features to arrive at the proportion spent on alignable (nonalignable) features. For example, if the sum total of alignable features selected by participants was AUD 770, and the sum of the most expensive aligned features was AUD 1000, then the proportion spent on aligned features would be 77%. The results indicated that participants spent a greater proportion on aligned than non-aligned features under both, a build-up strategy (64% vs. 31%; \( t(24) = 10.0, p < .0001 \)), and the scale-down strategy (78% vs. 46%; \( t(24) = 8.92, p < .0001 \)). Thus, H1a received strong support but H1b was not supported.

The lack of support for H1b could be due to the nature (utilitarian versus functional) of the product being customized. Post-hoc tests confirmed that laptops are seen as highly utilitarian products. Perhaps this utilitarian nature might have led to a greater focus on the functional attributes of the product- ensuring that participants selected and spent more on aligned features. A considerable body of research has documented the potential influence of utilitarian versus hedonic consumption. In study 2, we vary the nature of the product to determine whether these results are replicable in a hedonic customization situation. Hedonic products provide consumers with experiential consumption, fun, and pleasure We contend that when building-up, since consumers are more goal-oriented and searching for justifiable and compelling reasons to choose, the non-aligned features provide those reasons as they are more sensory, alluring, emotionally pleasing and non-functional in nature. Hence, there should be a greater likelihood to choose nonalignable versus alignable features when building-up. The scaling-down task customization strategy should also exhibit similar pattern. We believe this to be the case because scaling-down results in more spontaneous elaboration, and since hedonic products are more aesthetically pleasing, thus more easily imaginable, consumers should be less willing to forfeit them. This should result in a greater number of nonalignable versus alignable features when scaling-down.

Holidays were selected as a hedonic product based on a pretest. The design, procedures and measures were all similar to study 1. Utilizing information from travel and car rental websites, four aligned (Flight to destination, Car rental, Food and Accommodation) and four non-aligned features (Theme park, Spa/massage, Scuba diving and Tours) were chosen. Forty-four undergraduate students (57% females) were recruited for study 2.

The results indicated that participants spent a significantly greater proportion on non-aligned than aligned features in the build-up condition (53% vs. 40%; \( t(24) = 4.43; p < .001 \)). Similarly, they also spent more non-aligned than aligned features when scaling-down (60% vs. 52%; \( t(24) = 2.22; p < .05 \)).

Across two studies, we explored the choice of aligned versus non-aligned features under different customization strategies. The overall picture seems to be that the choice depends upon the product-type (utilitarian versus hedonic) rather than the customization strategy (build-up versus scale-down). This research adds to the extant literature regarding consumer choice of aligned versus non-aligned features. To the best of our knowledge, this is the first research to explore the decision making process of selecting alignable versus nonalignable features during customization. Furthermore, this research supports and adds to the customization strategy literature. Previous research mainly focuses the effects of customization strategies on the quantity of features selected but not on the type of features.

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THE CASE FOR A MULTICULTURAL MARKETING COURSE IN THE MARKETING CURRICULUM

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EXTENDED ABSTRACT

Multicultural marketing is a rapidly growing career path that most universities and colleges are not addressing in their curriculum even though the need in the marketplace is great. Even if a student does not specialize in multicultural marketing as a career, she can expect that it will be a part of the overall marketing program for most organizations, big and small.

All sizes and types of companies participate in multicultural marketing. Industries who market services, entertainment, durable and packaged goods, and retailers who want to survive and grow are scrambling to address the needs of Hispanic-, African-, and Asian-Americans. Wal-Mart expects 100 percent of its growth to come from ethnic consumers and has been training and evaluating employees at all levels to better serve the multicultural consumer. McDonalds has re-vamped its marketing program to “lead with ethnic insights”.

There has been rapid growth of the U.S. Hispanic and Asian populations. From 2000-2010, the U.S. population has increased 9.7% percent to over 308M. The White population of the U.S. grew only 5.7% during the same period. But, the Asian-, African-, and Hispanic-American population saw double-digit growth at 43.3%, 12.3%, and 43% respectively. Approximately 25% of all teenagers in the U.S. are Hispanic. This trend is expected to continue, as Hispanics are younger than the U.S. population as a whole, have higher birth rates, and continue immigrating at high rates.

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THE ROLE OF ECONOMICS AND EMOTION IN ADOPTION OF WATER CONSERVATION TECHNOLOGY: A BETWEEN SUBJECT EXPERIMENTAL DESIGN

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EXTENDED ABSTRACT

Environmental education and sustainability initiatives are becoming increasingly popular in universities across the United States. Some schools are adding environmental learning requirements to the curriculum. At one small US liberal arts university, environmental learning has been incorporated into the curriculum in many general education courses. Additionally, the university consistently sponsors sustainability events and is striving to become a green campus.

The purpose of this study is to determine if students who have been exposed to multiple educational and marketing strategies to curtail excessive water usage respond to either of two types of eco-feedback technology due to knowledge of environmental responsibility or other reasons. Two types of water conservation eco-feedback technologies (i.e., low and high novelty, and low and high price) are examined. This exploratory study seeks to determine whether knowledge, attitudes, consumer type, price, and/or personal values are drivers of intentions for behavioral change.

A 2 x 2 between subjects randomized across treatments experiment examining factors believed to contribute to purchase intentions was conducted across a sample of 208 business major college students at this university. Personal emotional value and economic value, perception of environmentalism (i.e., external and substantive), level of environmentalism knowledge, product price, and/or consumer type (i.e., novelty seeker) were examined as factors leading to purchase intentions.

Confirmatory Factor Analysis (CFA) was conducted using AMOS 21. The respecified model was determined to have “good fit” and construct reliability and validity were established. Results for the scale and model purification are available upon request. The data were analyzed through the ANOVA methodology by using SPSS 21. Through an experimental design, the researchers were able to establish a generalizable cause-effect relationship that is a true representation of actual behavior.

The findings of the study revealed that despite an ongoing educational program, students’ intentions to purchase water conservation eco-feedback technology was influenced solely by personal value. Personal emotional value was more influential than economic value. This research suggests that advertising appeals that focus on personal value to the consumer might appeal to consumers regardless of individual environmental involvement.

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EXAMINING THE EFFECTS OF GENDER AND OCCUPATIONAL STEREOTYPE ON PERCEPTIONS OF SERVICE QUALITY IN DIFFERENT CULTURES

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EXTENDED ABSTRACT

Recently, as more women enter the workforce in various service industries, researchers have investigated the role of gender in the relationships between customers and service providers and the perceived service outcomes. Prior research indicates that in some service encounters customers might prefer to interact with the same gender, indicating a gender matching bias, whereas in other service encounters they may prefer to interact with a service provider of the opposite gender, indicating a gender mismatching bias. A review of the literature shows that there are two different, albeit competing, theories to explain gender bias resulting from similarity/dissimilarity of customer and service provider gender during service encounters. While the similarity attraction paradigm suggests that customers would prefer the same gender service providers, the flirtation or flirting theory suggests that customers would prefer the opposite gender service providers. In addition, gender occupational stereotyping and cultural values could influence the perception of service quality offered rather than the service provider gender. Therefore, this study is also investigated whether respondents perceived better quality of service from male or female service providers, while also testing for the impact of gender stereotyping and cultural differences in the four countries (cultures) of the United States, Ireland, Turkey and Jordan.

In order to accomplish the research objective, a survey instrument was designed which includes questions to determine the effect of gender similarity/dissimilarity on service quality during service encounters. Respondents were asked, based on their experience, if they perceived they had received better quality of service from male or female service providers in 10 service industries, which were grouped into the low status services (bank teller/officer, women’s clothing store salesperson, coffee shop server, and fast-food restaurant server) and the high status services (men’s clothing store salesperson, cell phone service representative, pharmacist, doctor, dentist, and professor/teacher). The pretested survey in each country was administered to university students in four countries, which produced 500 surveys from Turkey, 267 from the U.S., 202 from Ireland, and 204 from Jordan.

The study found that gender differences between customers and service providers had no significant impact on perceived service quality. The findings for all countries, except Jordan, indicate that regardless of cultural context, the service status (occupational stereotyping) seems to have a significant effect on the perception of service quality received by the customer, where women are better suited for low status services, and men are better suited for high status services. Jordan seems to be a special case, where men are perceived as better providers of all services. The results for the effects of culture showed significant cultural differences between the perceptions of four cultures for both low status and high status services, indicating that the rating of service quality is significantly affected by the country of origin (or culture) of the respondents.

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AN EXAMINATION OF EUROPEAN RETAIL DISTRIBUTION INTENSITY

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ABSTRACT

In this paper research is reported that examines European retail automobile distribution intensity in the context of central place theory. By identifying the relationship between demand, range, and density determinants of distribution intensity, this knowledge can be extended to determine the appropriate distribution infrastructure for new or changing geographic markets.

KEY WORDS: Distribution, Europe, Retail

INTRODUCTION

The method of retail distribution is an important marketing topic due the expansion of the global automobile market (KPMG 2013). This is particularly true for German automotive firms that have entered areas of former Eastern Europe which have not had a high level of retail distribution (Bohman, Rosenberg, and Stenbrink 2003). By identifying market factors and how they relate to the retail and demand infrastructure in an existing market, these relationships can be extended to determine the appropriate infrastructure for new market entrants or for firms in geographic markets that currently do not have an existing infrastructure (Marinov, Benguigui, and Czamanski 2009). Using central place theory (Berry 1963; Christaller 1933, 1950, 1966) this research examines the German market for automobiles as a higher-order good that is not frequently purchased and has a relatively high purchase price. The research addresses several key retail location relationships that include the size of cities and the number of retail outlets, the size of cities and the range customers are willing to travel to these market locations, and the density of retail locations and the range function of customers. Although the research is based on the infrastructure of the German market, it provides an example of the interrelationships of these variables that can be extended to other geographic areas.

By identifying market factors and how they relate to the retail and demand infrastructure in an existing market, these relationships can then be extended to determine the appropriate infrastructure for new market entrants or for firms that do not have an existing infrastructure. Central place theory can be used to understand and to determine the distribution network of goods and services to a dispersed population within a given market area (Berry 1963; Christaller 1933, 1950, 1966). It addresses the location, size, nature, and spacing of marketing activities and can be used to determine retail locations. Central place theory is based on goods hierarchies and assumes that a large number of goods and services are provided for consumers within a market (Beavon 1976). It is the theoretical base of urban geography and the geography of retail and service businesses (Berry 1963; Isard 1960). The basic elements of central place theory were outlined by Walter Christaller (1933). Christaller explained the optimal distribution of goods to a dispersed population and offered an analytical approach concerning population variables and the density of retail outlets (Ahn and Nourse 1988; Boyce, LeBlanc, and Chon 1988; Raith 1996; Sveikauskas, Gowdy, and Funk 1988; Stern 1972). The related literature has described the location decisions of retail businesses in terms of distance, population, and market size within a geographic area (Berry, Gardiner, and Tennant 1962; Mowen, Wiener, and Young 1990; Nairn and O’Neill 1988; Savitt 1989).

Demand, Range, and Density Determinants

Demand determinants. In a given market there must be a minimum level of consumer demand supported by the number of inhabitants living and buying in a certain area. This is the minimum requirement for an individual firm to make a profit and become part of the established trading area. Berry et al. (1962) stated that larger central places could be expected to have more central functions to serve larger populations. To include professional customers, the same relationship can be examined by using the number of companies in a central place. The size of
central places can be measured also in terms of purchasing power available in a central place. It could be expected that higher purchasing power corresponds with a higher number of outlets. Purchasing power is expressed by the Kaufkraft-Index (purchasing power index). To include professional customers, the same analysis can be performed by using the Gewerbe-index (professional buying power index). The hypotheses developed for market size are:

H1: The size of the population of a central place is positively correlated with the number of outlets in a central place.

H2: The number of households in a central place is positively correlated with the number of outlets in a central place.

H3: The number of companies in a central place is positively correlated with the number of outlets in a central place.

H4: The purchasing power available in a central place is positively correlated with the number of outlets in a central place.

H5: The professional buying power available in a central place is positively correlated with the number of outlets in a central place.

H6: The size of population of a central place is positively correlated with the attracted sales from outside the central place.

H7: The purchasing power in a central place is positively correlated with the attracted sales from outside the central place.

H8: The absolute size of a dealership (unit sales) is positively correlated with the attracted sales from outside market area of the dealership.

H9: The absolute size (unit sales) of a dealership is positively correlated with the distance traveled for purchases.

H10: The relative size (market share) of a dealership is positively correlated with the distance traveled for purchases.

H11: The size of a central place (population) is positively correlated with the distance traveled for purchases.

H12: The density of dealerships (number of outlets) within a central place is positively correlated with the attracted sales from outside the central place.

H13: The density of dealerships (number of outlets) within a central place is positively correlated with the distance traveled for purchases.

Range determinants. Range can be defined as the maximum distance a person is willing to travel in order to purchase certain goods or services and can be regarded as the size of a trade area (Berry et al. 1962). The various factors inherent in range include the demand supported by the size of population, income distribution, transportation facilities, and other market conditions (Beavon 1976). The upper limits of range are defined by the highest distance travelled in order to purchase a single good; i.e., the maximum distance further than which the person will not travel. The limit is exceeded at the point when rather than not obtaining the good at all; the good will be purchased in another economic area. Range is examined based on two measures: sales from outside the central place and distance traveled. Berry et al. (1962) state that there are several relationships that may be considered in relation to range. With increasing size of a central place, buyers appear to be more attracted to the central place, and therefore the range is expected to increase. A similar approach may be used for dealer size measured in units sold within a certain timeframe. The following hypotheses are used to test range relationships in the form of attracted sales from outside the dealer’s own territory and the distance traveled by the customer:

H6: The density of dealerships (number of outlets) within a central place is positively correlated with the attracted sales from outside the central place.

H7: The purchasing power in a central place is positively correlated with the attracted sales from outside the central place.

H8: The absolute size of a dealership (unit sales) is positively correlated with the attracted sales from outside market area of the dealership.

H9: The absolute size (unit sales) of a dealership is positively correlated with the distance traveled for purchases.

H10: The relative size (market share) of a dealership is positively correlated with the distance traveled for purchases.

H11: The size of a central place (population) is positively correlated with the distance traveled for purchases.

H12: The density of dealerships (number of outlets) within a central place is positively correlated with the attracted sales from outside the central place.

H13: The density of dealerships (number of outlets) within a central place is positively correlated with the distance traveled for purchases.
METHOD

The data used in this research consisted of comprehensive German automobile sales data generated by the Kraftfahrtbundesamt (KBA, or Federal Vehicle Registration Agency) in Flensburg, Germany. The KBA is the central agency monitoring vehicle registration in the entire automotive sector. The data comprises all manufacturers and importers available on the German market, both for new car registrations and change of properties for used vehicles, for the year 2000. For statistical purposes, Germany is divided into Landkreise (440 total, roughly equivalent to U.S. counties), which can be regarded as a valid segmentation of the German market. The 440 Landkreise and the dealer totals for three representative brands within each were used. The data consisted of 23,056 dealerships, 34,627,982 households, with 82,363,281 inhabitants. The total German car sales examined in this research were 3,173,889 vehicles; the three brands examined in detail yielded 198,061 sold cars. For analyses at the dealer level German sales data for one automobile brand were used. The data specific to the brands was supplied by a German automobile manufacturer and the brand names are not to be disclosed by request. The market segmentation on the dealer level consisted of the sales areas assigned to the specific dealerships. The measures used are seen in Table 1 and correlation analysis was used in this exploratory effort to examine the hypothesized relationships. The results are summarized in Table 2 and are discussed next by the relationship examined.

Table 1. Measures Used

<table>
<thead>
<tr>
<th>Item</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outlets</td>
<td>Number of dealerships in a Landkreis (county district)</td>
</tr>
<tr>
<td>Population</td>
<td>Number of inhabitants living in a Landkreis (macro level) or assigned dealership market (micro level)</td>
</tr>
<tr>
<td>Households</td>
<td>Number of households in a Landkreis</td>
</tr>
<tr>
<td>Companies</td>
<td>Number of households in a Landkreis</td>
</tr>
<tr>
<td>Purchasing Power</td>
<td>Standardized German statistical value (by the national statistical authorities) for purchasing power in a Landkreis</td>
</tr>
<tr>
<td>Professional Purchasing Power</td>
<td>Standardized German statistical value (by the national statistical authorities) for professional purchasing power in a Landkreis</td>
</tr>
<tr>
<td>Attracted sales</td>
<td>Number of car sales from outside a Landkreis (macro level) or assigned dealership market (micro level)</td>
</tr>
<tr>
<td>Dealership size</td>
<td>Number of cars sold annually</td>
</tr>
<tr>
<td>Market share</td>
<td>Number of cars sold by a dealership divided by total number of cars sold in the assigned dealership market</td>
</tr>
<tr>
<td>Distance</td>
<td>Average kilometers traveled by customers for the purchase</td>
</tr>
<tr>
<td>Density</td>
<td>Number of outlets in a market</td>
</tr>
</tbody>
</table>

RESULTS AND FINDINGS

In the first step of the research market size related to the number of retail outlets was examined using demographic variables (size of population, number of households, number of companies, purchasing power and professional buying power). In the second step, range relationships are examined first by the sales developed from outside the central place, and then by distance traveled. These elements are considered in light of the size of the population, purchasing power, and the size of existing retailers. An additional analysis considers whether the distance traveled for a purchase can be explained by dealership market share. In the third step of analysis, it is determined whether the density of dealerships can explain the purchases attracted from outside the central place, or the distance traveled for a purchase.

Hypothesis 1 was supported indicating a positive and significant correlation between population and the number of outlets in a central place ($b=.864$, $p=.000$). Hypothesis 2 was supported indicating that the number of households in a central place is positively correlated with the number of outlets in a central place ($b=.853$, $p=.000$). Hypothesis 3 was supported indicating a positive and significant correlation between the number of companies and the number of outlets in a central place ($b=.850$, $p=.000$). Hypothesis 4 was supported indicating a positive and significant correlation between purchasing power available and the number of
Table 2. Summary of Findings

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Comparison Made</th>
<th>Result</th>
<th>Correlation</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Population to number of outlets</td>
<td>Supported</td>
<td>0.864</td>
<td>0.000</td>
</tr>
<tr>
<td>H2</td>
<td>Households to number of outlets</td>
<td>Supported</td>
<td>0.853</td>
<td>0.000</td>
</tr>
<tr>
<td>H3</td>
<td>Companies to number of outlets</td>
<td>Supported</td>
<td>0.850</td>
<td>0.000</td>
</tr>
<tr>
<td>H4</td>
<td>Purchasing power to number of outlets</td>
<td>Supported</td>
<td>0.620</td>
<td>0.000</td>
</tr>
<tr>
<td>H5</td>
<td>Professional buying power to number of outlets</td>
<td>Supported</td>
<td>0.633</td>
<td>0.000</td>
</tr>
<tr>
<td>H6</td>
<td>Population size to attracted sales</td>
<td>Supported</td>
<td>0.381</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Table 2. Summary of Findings (cont.)

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Result</th>
<th>Correlation</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>H7</td>
<td>Purchasing power to attracted sales</td>
<td>Supported</td>
<td>0.255</td>
</tr>
<tr>
<td>H8</td>
<td>Size of dealership to attracted sales from outside</td>
<td>Supported</td>
<td>0.772</td>
</tr>
<tr>
<td>H9</td>
<td>Size of dealership to distance traveled</td>
<td>Supported</td>
<td>0.132</td>
</tr>
<tr>
<td>H10</td>
<td>Market share of dealership to distance traveled</td>
<td>Not supported</td>
<td>-0.023</td>
</tr>
<tr>
<td>H11</td>
<td>Population to distance traveled</td>
<td>Not supported</td>
<td>-0.041</td>
</tr>
<tr>
<td>H12</td>
<td>Density of dealership to purchase attracted from outside</td>
<td>Supported</td>
<td>0.307</td>
</tr>
<tr>
<td>H13</td>
<td>Density of dealerships to distance traveled</td>
<td>Supported</td>
<td>-0.140</td>
</tr>
</tbody>
</table>

With the final set of hypotheses, the relationships concerning density are tested. Hypothesis 12 was supported indicating a positive and significant correlation between the density of dealerships (number of outlets) and the purchases attracted from outside the central place (b=.307, p=.000). Hypothesis 13 was also supported indicating that the density of dealerships (number of outlets) within a central place is positively correlated with the distance traveled for a purchase (b=-.140, p=.003).

DISCUSSION AND IMPLICATIONS

This paper has presented exploratory research that has examined the determinants of retail distribution intensity in a European market setting. There are several aspects of the findings that can be useful for managerial distribution planning purposes. The relationships identified related to market size can be used to aid in the determination of the number of retail outlets that are appropriate for a new geographic market that a firm is entering where there is not an existing infrastructure. By taking measures of population, households, number of companies, purchasing and professional purchasing power, an appropriate level of retail automobile outlets can be estimated for that market. The relationships identified for range relationships also have direct managerial applications. In the development of a retail automobile
network, a critical element is ‘planning volume’ or the estimated sales of the dealership. This projected sales level is used by automobile manufacturers to determine facility size, staffing levels, and parts and vehicle inventory levels. Planning volume can be determined from the size of the geographic market served by a dealer, but the question of how many additional sales will come from outside of the dealer’s trade area cannot be addressed in this manner. Based on the results, additional sales from outside the dealer’s own area can be estimated based on population, purchasing power, and the size of the dealership. In a similar manner the range function can be determined based on the size of the dealership (keeping in mind that the other determining factors were not found to be significantly related). The range function can be used to determine additional geographic areas to target with advertising and other programs outside of the dealer’s own market area. Knowledge of the range function could also be used by the manufacturer to reassess the dealer’s defined market area. The third set of hypotheses concerning density relationships also provided useful but also unexpected results. The density of outlets within a central place was found to be correlated with the purchases attracted from outside the central place. This would indicate that a higher concentration of dealerships impacts sales from outside the dealer’s immediate market area. This relationship was also found to hold true for range function. Future research is of course warranted to identify the interrelationships of these variables as well as to test the generalizability of these findings to other industries and geographic markets.

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PERSONAL AND PURCHASING ALTRUISM: ANTECEDENTS AND INTERRELATIONSHIPS

Thomas L. Powers, University of Alabama at Birmingham
Raymond A. Hopkins, The Boeing Company

ABSTRACT

Altruism can be useful in understanding consumer purchase motivations, especially those related to the purchase of a domestic product where ‘buy national’ motives may be present. In this paper the dimensions of altruism, their antecedents, and the relationships between them are identified based on a survey of 212 consumers. The findings indicate that a total of eight altruism dimensions exist and interact in a manner that reflect two distinct factors of personal and purchasing altruism.

INTRODUCTION

It is well documented that country of origin has an effect on consumer decision-making (Ahmed and d’Astous 2007; Pappu, Quester, and Cooksey 2006); however, the role that altruism may play in this process is not understood (Fenwick and Wright 1999). Altruism is thought to be important in the context of the effect of country-of-origin on consumer purchasing behavior (Jin, Chansarkar, and Kondap 2006; O’Cass and Lim 2002). This is especially true in the context of how it may impact the preference for a domestic as opposed to a foreign product. Given the importance of gaining a further understanding of the motivations underlying buyer preferences for domestic products, research that identifies how altruistic motivations may influence purchase behavior represents an important avenue of investigation. The purpose of this research is to identify the dimensions of consumer altruism and how they may relate to each other as well as to purchase intent.

The construct of altruism examined in this research is based on three traditional elements of altruism: consumer ethnocentrism (Rushton, Russell, and Wells 1984; Shimp and Sharma 1987), cognitive moral development (Rest 1979), and altruistic behavior (Bar-Tal 1976; Kohlberg 1969; Rushton 1989). Consumer ethnocentrism suggests people tend to direct altruism to members of their own race or country (Cunningham 1981). It can also represent beliefs held by consumers about the propriety of purchasing foreign products (Cheng and Zhen 2004; Hamin 2006; Shimp and Sharma 1987). Altruistic behavior represents a voluntary behavior that is carried out to benefit another (Bar-Tal 1976; Krebs 1970). These initial constructs of altruism form the basis of the present research that results in the ultimate identification of two distinct factors of personal and purchasing altruism.

RESEARCH METHOD

The first step in this research was to refine the previously established scales that measure the cultural, cognitive, and behavioral elements of altruism. These scales were for ethnocentrism, the 17-item CETSCALE developed by Shimp and Sharma (1987); for cognitive moral development, Rest’s (1986) Defining Issues Test (DIT); and for altruistic behavior, the 20-item Self-Report Altruism Scale (SRAS) developed by Rushton, Chrisjohn and Fekken (1981).

In order to examine the possible dimensions of altruism across a spectrum of consumers a multistage cluster sampling of households was used with demographics that corresponded to the demographics of the general population of Maricopa County, Arizona, USA, a suburban metropolitan area of approximately one million households. Six street intersections were randomly chosen from standard municipal maps available from local political jurisdictions and a 40-address sampling frame was devised, based upon the 40 addresses nearest the intersection. Thus, 1,440 (6 x 6 x 40) addresses made up the sampling frame. From this frame, 18 addresses were randomly selected from each of the previously designated 36 intersections resulting in 648 addresses being selected. The study utilized a drop and collect technique to collect survey data (Brown 1987).

Two hundred fifty-two questionnaires were returned and 212 responses were usable for an effective response rate of 32.7%. The response rate was considered acceptable and is consistent with previous studies using the drop and return survey procedure (Brown 1987). Of the 212 respondents, 98 (46.2%) were male and 114 (53.8%) were female. The average ages of these individuals were 52 (range = 18 - 65+). Seventy-four percent of the sample was married living in a household consisting of two adults. The level of
education ranged from having a high school education or less to having a postgraduate degree with the average respondent having attended college (M = 2.9; Standard Deviation = 1.3). The average respondent’s total household income was above average approaching $50,000 per year. A comparison of the demographic profiles (age, education, and household income) of the respondents revealed no difference between the sample and the general population from which it was drawn. Reliability of the scales used in this study was tested using coefficient alpha and the split-half method. The internal consistency reliability of the 17-item CETSCALE was .9534. The internal consistency reliability of the DIT’s six social problems was .7886. The coefficient alpha of the 20-item Self-Report Altruism Scale (SRAS) was .8518. The coefficients of the scales had alphas greater than the 0.70 generally accepted threshold for published empirical research (Nunnally and Bernstein 1994).

A principal component analysis with a varimax rotation was performed and the 38-items from the three scales loaded on eight factors that explain 62.991% of the variance in responses. Based on the items contained in these factors, names for each altruism dimension were developed based on the overall nature of that altruistic behavior (purchasing behavior, personal behavior, giving behavior, other actions) and the level of that behavior (low, moderate, high) if there was more than one factor with similar behavior. Factor 1 contained 16 items and explained 26.922% of the variance in responses constituted a dimension we refer to as Patriotic Purchasing Altruism. Factor 2 contained seven items explaining 14.242% of the variance in the responses constituted a dimension we refer to as High Action Altruism. Factor 3 contained four items and explained 5.544% of the variance in the responses constituting a construct we refer to as Moderate Action Altruism. Factor 4 included three items and explained 3.844% of the variance in the responses constituting a dimension we called Giving Altruism. Factor 5 included one item and explained 3.193% of the variance in the responses constituting a dimension we refer to as Multi-ethnic Purchasing Altruism. Factor 6 included three items and explained 3.193% of the variance in the responses constituting a dimension we refer to as Low Personal Altruism. Factor 7 included two items and explained 3.041% of the variance in the responses constituting Cognitive Moral Development. Factor 8 included one item and explained 2.754% of the variance in the responses constituting a dimension called High Personal Altruism. Reliability of the scales reflecting the new altruism dimensions was tested using coefficient alpha. Internal consistency by inter-item correlations was also calculated to assess the validity of the scale.

As seen in Table 1, the coefficients of the scales had alphas greater or marginally below the 0.70 generally accepted threshold for published empirical research (Nunnally and Bernstein 1994). The inter-item correlation analysis also produced desirable results with correlations ranging from .307 to .556. The results indicate that there are distinct behavioral dimensions of altruism that can aid in the understanding of purchasing behavior.

<table>
<thead>
<tr>
<th>Dimension of Altruism</th>
<th>Patriotic purchasing altruism</th>
<th>High action altruism</th>
<th>Moderate action altruism</th>
<th>Giving altruism</th>
<th>Multi-ethnic purchasing altruism</th>
<th>Low personal altruism</th>
<th>Cognitive moral development</th>
<th>High personal altruism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patriotic purchasing altruism</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High action altruism</td>
<td></td>
<td>0.025</td>
<td>0.715</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderate action altruism</td>
<td></td>
<td>-0.169*</td>
<td>0.749**</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Giving altruism</td>
<td></td>
<td></td>
<td>0.014</td>
<td>0.125</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Multi-ethnic purchasing altruism</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Table 1. Correlation Matrix
Exploratory model based on the significant correlations between the dimensions of altruism. Figure 1 represents an association between the dimensions of altruism. The data were analyzed using a Pearson's correlation and suggests that the eight altruism constraints interact in a manner that results in two distinct factors: Personal Altruism (Factor 1) and Purchasing Altruism (Factor 2). Personal altruism refers to the level at which an individual is willing to make sacrifices in order to benefit the welfare of others. Purchasing altruism differs in that it results in actions that are more directly related to purchase behavior based on altruistic motives.

Positive correlations were found between Moderate Action Altruism and High Action Altruism, and Multi-ethnic Purchasing Altruism and Patriotic Purchasing Altruism. We also found positive significant correlations between Giving Altruism and High Action Altruism, Low Personal Altruism and Giving Altruism, Cognitive Moral Development and Moderate Action Altruism, Cognitive Moral Development and Low Personal Altruism, Cognitive Moral Development and High Action Altruism, High Personal Altruism and High Action Altruism, and High Personal Altruism and Moderate Action Altruism. Additionally, we found positive significant correlations between Cognitive Moral Development and Giving Altruism, and High Personal Altruism and Giving Altruism. The findings produced negative significant correlations between Moderate Action Altruism and Patriotic Purchasing Altruism, Low Personal Altruism and Patriotic Purchasing Altruism, and Low Personal Altruism and Multi-ethnic Purchasing Altruism. The hypothesized model seen in Figure 1 is representative of these relationships in combination and provides a means of conceptualizing the overall findings.

### SUMMARY AND CONCLUSIONS

The dimensions identified and the relationships between them provide new insights into how specific attitudes and actions may interact and provide a new conceptualization of altruism as related to purchasing behavior. The findings of this study demonstrate that

<table>
<thead>
<tr>
<th></th>
<th>Pearson correlation</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low personal altruism</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>-0.192**</td>
<td>0.005</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.395**</td>
<td>0.068</td>
</tr>
<tr>
<td>Cognitive moral development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>-0.133</td>
<td>0.053</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.452**</td>
<td>0.008</td>
</tr>
<tr>
<td>High personal altruism</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>-0.116</td>
<td>0.091</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.257**</td>
<td>0.001</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).
significant relationships exist between the dimensions of altruism and that based on the exploratory model may result in two distinct forms of altruism, one related to purchasing behavior, and one not. In terms of the limitations of the research it must be kept in mind that the model developed is exploratory only in nature and is based on the correlations observed. This can provide a basis for future research that can be conducted by more sophisticated methods such as SEM or regression models. Despite the exploratory nature of the research, it is important to gain an understanding of the motives that influence consumer choice (Kumar, Lee, and Kim 2009). This study has contributed to the altruistic behavior literature by determining the relationship between eight dimensions of altruism and how they may interact to influence domestic product preference. The research may also provide an avenue of investigation into the other forms of altruism that hypothesized to not be components of purchasing related altruism.

Figure 1. Research Framework

![Research Framework Diagram]

All linkages shown are significant at the .05 level

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AN ANALYSIS OF SPORTS INDUSTRY CAREER PREPARATION WITH A FOCUS ON SPORTS MARKETING UNDERGRADUATE EDUCATION

Destiny Price, University of Texas at Arlington
Elten Briggs, University of Texas at Arlington

EXTENDED ABSTRACT

The paper reports on a research effort that analyzes existing undergraduate sports marketing degree programs and the desires of sports professionals to address the educational needs in the industry. A study was conducted that involved the collection of both secondary and primary data. Existing sports marketing degree programs were evaluated to establish a core set of courses vital to effective sports marketing education. Interviewees from the sports industry unanimously agreed that internships prepare sports professionals better for careers in the sports industry than existing undergraduate degree programs. The paper concludes by offering recommendations for sports marketing curriculum. The recommended curriculum could benefit institutions considering the modification or introduction of an undergraduate degree program in sports marketing.

KEY WORDS: Sports Marketing Education, Learning, Skills, Curriculum

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SHOULD WOMEN’S EMPLOYEE NETWORKS BE LEVERAGED TO ENHANCE CORPORATE IMAGE?

Sarah Rand, St. Catherine University

EXTENDED ABSTRACT

Corporate reputation should be considered as part of an organization’s corporate marketing strategy because it is intricately connected to a company’s identity, branding, communication, and image (Balmer & Greyser, 2006). Companies can enhance their reputation by influencing others to believe they are conducting business practices that are ethical and socially responsible (Joo & McClean). Establishing a positive reputation is also a way that organizations can become more successful attracting, motivating, and retaining talented employees (Joo & Mclean, 2006).

The purpose of this panel presentation is to explore how the efforts of women’s network members within organizations may positively impact a company’s internal and external reputation. Formally sponsored women’s networks are generally established by organizations to support women’s career development needs (Donnelon & Langowitz, 2009). The findings are presented within the context of 16 interviews with employees (including five senior executives) and survey responses from over 250 women’s network members in one large multinational organization.

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PARAMETERS INFLUENCING THE VALUE ADDED BY FM

Alexander Redlein, IFM, Vienna University of Technology
Michael Zobl, IFM, Vienna University of Technology

ABSTRACT

A lot of companies have recognized Facility Management (FM) as an important management strategy capable to reduce costs of facilities. From an academic/scientific point-of-view as well as in daily practice there is a need to improve the understanding of how FM can become more effective and add value to the company’s core business and the different stakeholders. Therefore, there is a need to determine the parameters that influence the value added due to use of FM with the help of scientific models and methods.

KEY WORDS: Value Added, Statistical Analysis, Facility Management

INTRODUCTION

Facility Management (FM) is a key function in managing facility services and working environment to support the core business of the organisation (Chotipanich, 2004). Therefore FM can contribute to the success or the partial failure of an organisation’s business.

Many books and publications refer to the benefits and cost savings through the use of FM. Two articles by Lynch focus on maximising FM’s contribution to shareholder value and therefore on economical value (Jensen et al., 2010). An article by Pathirage et al. focused on knowledge management in FM. Some studies focused on the importance of organisational issues in the value adding process. Improving productivity and decreasing costs turned out to be one of the most discussed areas of adding value by corporate real estate management. Some authors raised the issue of flexibility as a significant aspect that can add value to corporate business. Smith and Pitt (2009) identified the added value of sustainable workplaces to improve employee health and wellbeing and increasing productivity (Jensen et al., 2012). Jensen et al. developed the FM Value Map which was presented at the research symposium during EFMC 2009. The FM Value Map is a conceptual framework to understand and explain the different ways that FM can create value for a core business as well as the surroundings for the benefits of multiple stakeholders: owners, staff, costumer and society. The aim was to select exemplary cases of FM adding value in the companies and to find convincing ways to present them to make FM interesting for managers (Jensen, 2010).

According to different publications it is possible to save between 10 and 30% of the costs of buildings through the (efficient) use of FM. In most cases, figures about the economic effects/benefits of FM are based on the study of a single company or the data presented is not specified in detail. In both cases, data cannot be used for a general proof of the economic efficiency/value added of FM (Zechel et al., 2005, Scharer, 2002). The figures are also subject to large variations. Therefore there is a need to determine the value added of the use of FM respectively FM departments and the parameters influencing the magnitude with the help of scientific models and methods.

Since 2005 the Vienna University of Technology (TU Vienna) has performed surveys in the area of FM on a yearly basis. Through these surveys it was possible to build up know-how in the area of FM itself and also in performing surveys and the statistical evaluation (Hizgilov & Redlein, 2010). One of the attempts to prove the profitability and efficiency of FM was performed by Susanne Hauk in “Wirtschaftlichkeit von Facility Management” (2007). In this study she showed that companies using FM achieve an increase of efficiency and productivity as well as cost savings but also create more cost drivers (Hauk, 2007). This can be confirmed by recent studies.

Another research project at the Vienna University of Technology analysed if there is a difference whether a separate FM department has been established or not. The research has been based on a (standardized) questionnaire survey. The author’s defined parameters that have influence on the efficiency of FM. Examples for these parameters are: areas of cost saving and availability of cost and building data and usage of CAFM (Computer Aided Facility Management). The study proved that companies with an own FM department tend to achieve savings within more
Facility Services. In addition, companies with a CAFM tool tend towards a higher number of cost drivers because of the need to collect and maintain data. On the other side these companies also have a higher productivity. Based on the existing results of the survey, “data” represents one of the most important areas to increase productivity. Due to the introduction of FM, rapid data access and evaluation is possible. This enables decisions that are more precise and simplifies operational procedures. On the other hand data acquisition and data preparation was one of the biggest cost drivers. So the parameters data and CAFM have retrograded influence, which means they have a positive effect on the increase in productivity. But at the same time they also lead to more cost drivers because of the need to collect, prepare and maintain the data (Redlein & Sustr, 2008). According to the statistical analysis based on the (actual) data of the study at the TU Vienna an own FM department had positive effects on annual cost savings, especially in the areas cleaning and energy. FM is also a very important tool to achieve an increase in productivity. Most named areas were personnel, administration and maintenance/repair. But FM also creates cost drivers.

**METHODOLOGY AND STATISTICS**

The research is based on the Mixed Method Research/Approach. Mixed Methods Research is an approach that attempts to consider multiple viewpoints, perspectives, positions and standpoints. Mixed research is a synthesis that includes ideas from qualitative research and quantitative research. It is a type of research in which qualitative and quantitative methods, techniques or other paradigm characteristics are mixed in one overall study (Johnson et al., 2007). Quantitative surveys should be combined with qualitative data collection methods e.g. personal interviews, expert groups, focus groups with professionals and content analyses (Jensen et al., 2012). Its logic inquiry includes the use of induction (discovery of patterns), deduction (testing of theories and hypotheses) and abduction (uncovering and relying on the best of a set of explanations for understanding one’s results). The goal is to draw from the strengths and minimize the weaknesses of both research methods (quantitative and qualitative) in single research studies and across studies. Taking a mixed position allows researchers to mix and match design components that offer the best chance of answering their specific (research) questions (Johnson & Onwuegbuzie, 2004). The qualitative steps had the purpose to prepare the next quantitative steps. Based on the results of the qualitative steps, the questionnaire for the following quantitative step has to be developed. The quantitative studies had the goal to validate the results of the qualitative steps done before (Redlein & Sustr, 2008). The qualitative studies (literature review, brainstorming, expert interviews and group discussions) were used primarily for the collection of the potential benefits and efficiency/value added of FM and the parameters influencing the magnitude of the effects. Based on the quantitative studies (facility management surveys since 2005) the results of the qualitative studies were analyzed and validated.

The whole survey process from creating the questionnaire to evaluating results is under yearly review. Results of expert interviews (new areas of savings etc.) are included in the existing questionnaire. Questions are rephrased if necessary, added or deleted. It is important that the questions are short and clear otherwise the risks of misunderstanding and wrong answers are very high (Hizigelov & Redlein, 2011). These steps represent the qualitative part of the research. The questionnaire included summated rating scales (quantitative data collection) and open-ended questions (qualitative data collection).

The questionnaire was subdivided into the parts (parameters and command variables):

- Companies in general: for example questions about the industry of the company, number of employees
- FM organisation: for example questions about the availability of a FM department, number of employees within the FM department
- Savings through the use of FM: areas of cost saving etc.
- Increase of productivity through the use of FM: areas in which an increase in productivity could be observed etc.
- Cost drivers through the use of FM: areas of cost drivers etc.
- Outsourcing: e.g. number of external service providers, outsourced facility services/areas
- IT support: e.g. questions about the use of a CAFM or ERP system, areas of IT support.

In the questionnaire/survey productivity was defined as: Increase in productivity = More output with the same input e.g. staff; respectively increase of output per unit of input. Depending on the answers there are up to about forty questions.

The population for the survey were the Top 500 companies published by Austrian Journal “Trend”. Interviewees were the Facility Managers themselves or the persons responsible for the FM tasks. Tools for the survey were phone, personal interviews and/or E-Mail. From the listed Austria’s Top 500 companies, 82 companies participated in the survey. The data were entered in a MS Access database and afterwards exported into statistical programmes (SPSS) and analyzed and evaluated. As mentioned before the
questionnaire included also questions with open answering possibilities. That means that answers need to be reviewed, if necessary renamed and afterwards clustered to make the findings comparable. The renaming and clustering was double checked to ensure correctness. In addition the results are validated by questioning the outliers, retracements and changes in trends. Additional points were validated through internet research. This sample represents a solid statistical base for an analysis and permits to make statements which are statistically well-founded (Mierl, 2012).

MEASURES OF ASSOCIATION

The authors used statistical models to prove if there is an (significant) correlation between different variables/parameters. The correlation coefficient was used to quantify the degree of association between two variables. Often, correlations are used during exploratory observational stage of research to determine which variables have a statistical relationship with each other. Correlations are also used to determine the degree of association between independent and dependent variables (Boslaugh & Watters, 2008). The correlation coefficient can take values that occur in the interval (-1, 1). The two extreme values of this interval represent a perfectly (linear) relation between the variables. The relation is “positive” in the first case and “negative” in the other case. The value zero (0) implies the absence of a (linear) relation (Dodge, 2008).

An ideal measure of the strength of association should mimic the correlation coefficient by having a maximum value of 1 or -1 for a perfect association and a value of 0 for dissociation or independence. For two way 2x2 contingency tables, the phi coefficient is applicable. For two-way contingency tables involving variables for nominal data with more than two categories Cramer’s V is preferred. The stronger the connection/correlation the closer phi and V are 1. A nominal data set consists of assignments of individuals to the categories making up qualitative attributes or variables, such as gender, nationality or questions with yes or no. They are numbers but these numbers do not express the degree to which any characteristic is possessed (Kinnear & Gray, 2008).

EQUIVALENT TEST

An equivalent test was used for comparing the average performance of two groups. The t test is an example of a parametric test. That is, it is assumed that the data are samples from two normally distributed populations with the same variance. Other tests, the nonparametric tests, do not make specific assumptions about population distributions and are therefore also referred to as distribution-free tests. There are circumstances in which a parametric test respectively a t test can give misleading results. This is especially likely to occur when the data set is small and there are some highly deviant scores, or outliers, which can inflate the value of the denominator of t. A nonparametric alternative to the independent-samples t test is the Mann-Whitney U test. Two nonparametric equivalents of the related-samples t test are the Wilcoxon Test and the Sign Test (Kinnear & Gray, 2008). Nonparametric Tests may calculate statistics about one sample or make comparisons between two or more samples (George & Mallery, 2008). The goal of the Wilcoxon Test is to verify if there is a difference between two populations on the basis of the random samples from these populations (Dodge, 2008). Most nonparametric methods use statistics, such as the median, that are resistant to outliers and skewness. If the data are measurements at the ordinal level in the first place, as with sets of ranks, or nominal data, a nonparametric test is obligatory (Kinnear & Gray, 2008).

The Wilcoxon Test can be made on the basis of a two-tail test or one-tailed test, according to the type of the following hypothesis:

A: Two – tail test:

\[ H_0: P(X < Y) = 0.5 \]
\[ H_1: P(X < Y) \neq 0.5 \]

B: One – tail test:

\[ H_0: P(X < Y) \leq 0.5 \]
\[ H_1: P(X < Y) > 0.5 \]

C: One – tail test:

\[ H_0: P(X < Y) \geq 0.5 \]
\[ H_1: P(X < Y) < 0.5 \]

Case A expresses the hypothesis that there is no difference between populations. Case B represents the hypothesis that population 1 (sample of X) generally takes greater values than population 2 (from sample Y). Case C expresses that the values of population 1 have a tendency to be smaller than those of population 2 (Dodge, 2008). Or in other words, the null hypothesis (H_0) states that, in the population, the two medians are equal, which means that there is “no effect”. The alternative hypothesis (H_1) states that there is a difference between the two medians, which means that there is an “effect”.

A statistical test is said to show significance if the p-value is less than the significance level (p<0.05). Then the null hypothesis is rejected and the alternative hypothesis is supported (Kinnear & Gray, 2008). This
paper presents some first results of the quantitative part of the actual survey.

RESULTS

In the year 2012, 87% of the surveyed companies (N=82) had their own FM department. In the year 2011 the portion of companies with an own FM department was about 90%. This slight decrease of companies with an own FM department can be explained by the random sample. In 2012 more small companies participated in the survey. However, the share of companies with an own FM department is still on a high level (see Figure 1).

![Graph showing Portion of companies with an own FM department (2005 to 2012)](image)

The importance of FM departments is underlined by its organizational integration within the company’s hierarchy. In the year 2012 about 35% of FM departments are organizational integrated as staff unit, while another 54% are integrated as line function. Most of the FM departments are staffed with 3 to 5 employees (2012: 30%).

To determine which variables have a statistical relationship with each other the correlation coefficient Cramer V was used. The interpretation of the values of Cramer V varies in the literature: 0 indicates no correlation, 0 < V < 0.3 indicates a weak correlation, 0.3 < V < 0.7 indicates a moderate correlation, 0.7 < V < 1 indicates a strong correlation, V = 1 is a perfect correlation (Duller, 2007); 0 < V < 0.1 indicates no correlation, 0.1 < V < 0.3 indicates a weak correlation, 0.3 < V < 0.6 indicates a moderate correlation and 0.6 < V < 1 indicates a strong correlation (Cleff, 2008). If the variables are independent we get a correlation coefficient of 0. The stronger the connection the closer the value gets to 1 (Puhani, 2008).

Figure 2 illustrates the office staff (number, classified) and FM department (yes/no). Cramer’s V has a value of .686. That means there’s a moderate correlation (according to Duller, 2007) respectively a strong correlation (according to Cleff, 2008) between the number of office employees and an FM department within the company. With an increasing number of office employees there’s an increasing tendency towards an own FM department in the company. At high office staff numbers, there are only companies with an own FM department. Companies without an own FM department only exist at low numbers of office employees.

<table>
<thead>
<tr>
<th>Symmetric Measures</th>
<th>Value</th>
<th>Approx. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal by Nominal</td>
<td>Phi</td>
<td>.686</td>
</tr>
<tr>
<td>Cramer's V</td>
<td></td>
<td>.686</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td></td>
<td>54</td>
</tr>
</tbody>
</table>

a. Not assuming the null hypothesis.
b. Using the asymptotic standard error assuming the null hypothesis.

Figure 2. Correlation between FM department and office staff (2012)

Companies without an own FM department only exist in small office spaces (sq. m.). At large office spaces are only companies with an own FM department. Cramer’s V has a value of .719. That means there’s a strong correlation according to Duller (2007) and also a strong correlation according to Cleff (2008) between FM department (yes/no) and office space (sq. m.). Both models support the hypothesis that the decrease of the percentage of FM departments in Figure 1 is due to the change of the random sample.

VALUE DRIVERS

Added Value was seen as a combination of price and quality. Nowadays added value is considered as a complex that can be studied from different perspectives. There appears to be broad consensus about added value being the ratio between benefits and sacrifices for the customer. Risk is also mentioned as a separate aspect. The assessment of and decision about added value involves a trade-off and a choice between different criteria – benefits, costs and risks – which in themselves are difficult to compare (Kok et al., 2011). In our study value added of FM includes cost savings and increase in productivity on the one side and on the other side cost drivers (Mierl, 2012). Cost drivers require differentiated cost planning and cost control. They are measures of cost causation and resource use and output (Leidig, 2004).

The biggest cost driver in 2012 was energy, which was mentioned by 27% of the answering Facility Managers. This cost driver was followed by more “labour-intensive” areas such as safety (13%), maintenance/repair (12%) and cleaning (12%).
it was stated that the existence of a FM department (yes/no) has an influence on the number of facility services with savings. In detail, the Wilcoxon Test was used. The null hypothesis (H₀) states that, in the population, the two medians are equal, which means that there is a difference between the two medians, which means that there is no effect. The alternative hypothesis (H₁) states that there is a difference between the two medians, which means that there is an effect. The test is said to show significance if the p-value is less than the significance level (p < 0.05). Then the null hypothesis is rejected and the alternative hypothesis is supported (Kinnear & Gray, 2008).

<table>
<thead>
<tr>
<th>number of areas of cost saving (facility services with savings)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FM department</strong></td>
</tr>
<tr>
<td>no</td>
</tr>
<tr>
<td>yes</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

**Ranks**

<table>
<thead>
<tr>
<th>number of areas of cost saving - FM department</th>
<th>N</th>
<th>Mean Rank</th>
<th>Sum of Ranks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative Ranks</td>
<td>2²</td>
<td>12,50</td>
<td>25,00</td>
</tr>
<tr>
<td>Positive Ranks</td>
<td>41²</td>
<td>22,46</td>
<td>921,00</td>
</tr>
<tr>
<td>Ties</td>
<td>28²</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>71</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Test Statistics**

<table>
<thead>
<tr>
<th>number of areas of cost saving - FM department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Z</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
</tr>
<tr>
<td>p-value</td>
</tr>
<tr>
<td>a. Wilcoxon Signed Ranks Test</td>
</tr>
<tr>
<td>b. Based on negative ranks.</td>
</tr>
</tbody>
</table>

**Figure 3. Correlation between FM department and office space (2012)**

Figure 4. Facility Services with savings (number of areas of cost saving) – FM department (2012)

The null hypothesis is:

H₀ = Companies with an own FM department tend to the same number of facility services with savings than those without an own FM department.

most relevant areas of cost savings in 2012 (number of mentions/frequencies to total respondents in %) were energy (51%), cleaning (44%) and personnel (21%). The area administration (18%) was the most named area in which an increase in productivity could be observed (answers in % to total respondents). This area was followed by maintenance/repair (17%) and personnel (16%).

An own FM department allows better management of facility services (e.g. cleaning, safety, maintenance/repair). As a result, economic optimizations in different facility services can be performed (Hauk, 2007). The hypothesis is that companies with an own FM department tend to have a higher number of facility services with savings (areas of cost savings) than companies without an own FM department.

The number of facility services with savings (areas of cost saving) was analyzed in detail. As a hypothesis
The alternative hypothesis is:

\[ H_1 = \text{Companies with an own FM department tend to a higher number of facility services with savings then those without an own FM department.} \]

**Tested Variable:**
Facility Services with savings (number of nominations, e.g. cleaning, energy, personnel and maintenance/repair)

**Variable of Grouping:**
FM department (yes/no)

The significant result (p-value < 0.05) of the test shows that there is a difference between the two medians, which means there is an effect (H1). Companies with an own FM department tend to have more areas of cost saving than companies without an own FM department. That means companies with an own FM department tend to nominate more areas of cost saving (cleaning, energy, catering, waste management etc.) than companies without an own FM department. Companies with an own FM department nominated average 1.86 areas of cost saving, companies without an own FM department mentioned .88 areas of cost saving. This model proves that an own FM department allows better management of facility services and therefore economic optimization and cost savings in different facility services can be performed.

**CONCLUSION**

The share of companies with an own FM department is still on a high level. The importance of FM departments is underlined by its organizational integration within the company’s hierarchy. FM is a very important tool to achieve an increase in savings and productivity. As mentioned before, a lot of publications indicate that the introduction of FM has positive effects on savings. This can be confirmed by the recent study. According to the statistical analysis based on the data of the study an own FM department had positive effects on annual savings, especially in the areas cleaning and energy. FM also leads to an increase in productivity. Most named areas were administration and maintenance/repair. Companies with an own FM department also tend to nominate more areas of cost saving than companies without an own FM department. But according to Jensen et al. still much work has to be done to learn more about adding value of FM e.g. identifying more value drivers, examining the nature of value and its dimensions (Jensen et al., 2012). More detailed analyses of different industries and/or countries are possible to gather more information and an expansion of the data within this research field.

**REFERENCES**


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BRAND ATTACHMENT AND THE COMPULSIVE BUYER

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Richard Flight, Eastern Illinois University

ABSTRACT

In this paper we theorize the linkage between compulsive buying tendencies and brand attachment, which is moderated by brand popularity. Consumers who engage in compulsive buying try to alleviate negative feelings, which are temporarily forgotten and replaced with positive feelings (Faber & Christenson, 1996). The research is important because the phenomenon of compulsive buying is very serious while brand power has come to play a significant role in both firm strategic planning and consumer decision-making processes. We find that compulsive buying and brand attachment are positively related. However, the results are unclear in regards moderation effects of brand popularity.

KEY WORDS: Compulsive Buying, Brand Attachment, Brand Popularity, Self-Concept, Self-Congruence

INTRODUCTION

Compulsive buying is defined as the urge to engage in uncontrolled and excessive purchasing usually due to negative internal feelings (Flight, Rountree, & Beatty, 2012). Many compulsive buyers suffer from abnormally high levels of depression, which leads to emotional suffering and impaired judgment (Kaplan, 2006). Consumers feel relief from their negative feelings when they buy certain products that reflect their ideal-self and thus, make them feel better (Alex & Joseph, 2012). These positive feelings though do not last for very long as feelings of regret and guilt return leading to a cycle of compulsive buying behavior (Faber & Christensen, 1996). Kaplan (2006) states that one in twenty adults suffer from compulsive buying tendencies leading not only to financial consequences associated with compulsive buying, but also emotional consequences.

In this paper we theorize the linkage between compulsive buying tendencies and brand attachment, which is moderated by brand popularity. When a consumer feels like they are reaching their ideal-self, their level of self-esteem and happiness grows (Alex & Joseph, 2012). Prior literature suggests that brands with a positive and “popular” image are more likely to be chosen because of the emotional connection between the brand and the ideal-self, thus leading to a stronger brand attachment (Park, MacInnis, Priester, Eisingerich, & Iacobucci, 2012). Brand attachment meanwhile is created when a consumer is drawn to a brand. Such attachment may be an outcome of brand-image and self-image alignment or self-congruency (Alex & Joseph, 2012).

This research is important because we fill by joining between compulsive buying tendencies, brand attachment, and brand popularity constructs. The following section literature review introduces key constructs and develops our research hypotheses. Following the literature review, we describe our research methods followed by our study results. We continue by discussing the key findings, and hypotheses test results. We conclude by discussing future research and limitations.

LITERATURE REVIEW

Branding

The power of a strong brand is inescapable in today’s commercially developed economies. The brand concept uniquely possesses the ability to deliver enhanced profits to the firm while at the same time assisting consumers as they work through their decision-making processes. A brand is defined as “a name, term, design, symbol, or any other feature that identifies one seller’s good or service as distinct from those of other sellers” (American Marketing Association, 2012). A firm is able to control aspects of a brand such as product shape, packaging and logo, which help establish a distinct brand identity for differentiation from competitors (Iacobucci, 2012). A firm must decide on what the brand is and is not meant to be in the mind of the consumer by completing a positioning statement (Mooradian, Matzler, & Ring, 2012).

Brands help sell products that have served consumers well in the past by allowing them to
associate a prior purchase with a positive experience (Mooradian, et al., 2012). Thus, when a consumer recognizes a brand by color, logo, or name they are reminded of the benefits that a brand provides and this recognition turns into brand loyalty (Iacobucci, 2012).

To further illustrate how consumers internalize brands consider the idea of brand personality. Brands have human characteristics that consumers identify as their own (Aaker, 1997). While certain products are thought to be rugged, or sincere others may be perceived as cool, stylish, or popular. These symbolic meanings about products are ultimately derived from their association with social roles (Mooradian, et al., 2012). Consumers feel as if they can express their actual self, ideal self or specific dimension of the self through the use of brand and drives them into specific buying patterns.

**Compulsive Buying Tendency**

Compulsive buying is described as the action of uncontrollable buying regardless of social standing, financial, or personal ramifications (Flight, et al., 2012). Compulsive buying tendencies are most likely unplanned purchases triggered by negative emotions. People who have a lack of self-esteem or feelings of depression, anxiety, and tension are more likely to be compulsive buyers (Flight, et al., 2012). Many people trivialize this affliction and do not associate compulsive buying as a serious disorder, but it is and may be viewed similarly as pathological gambling, kleptomania, and eating disorders (Trautmann-Attmann & Johnson, 2009).

People who have compulsive buying tendencies often are trying to gain self-esteem through their purchases (Faber & O’Guinn, 1987). Women are more likely to have compulsive buying tendencies towards clothes and jewelry, while men are more likely to have compulsive buying tendencies towards cars and electronics (Faber & O’Guinn, 1987). The psychological relief buying provides only lasts for a short period of time until the person’s negative feelings come back (Flight, et al., 2012).

Compulsive buying tendencies have been studied in detail and there are different theories as to why consumers engage in compulsive buying. One theory involves biochemical factors suggesting abnormal levels of serotonin, which can cause depression promote this behavior (Faber & Christenson, 1996).

Another theory involves psychological factors, which include low self-esteem, depression, anxiety, desire for approval, and desire for arousal (Faber & Christenson, 1996). This theory suggests that compulsive buying can give feelings of happiness to counter the negative feelings a consumer may be feeling. It also suggests that consumers try to reach their ideal self through their choice of products.

The theory that is commonly related to compulsive buying tendencies is sociological. Sociological factors include family experience, gender roles, and disintegration of modern life. This theory relates to compulsive buying tendencies because if someone grew up in a family where they engaged in compulsive buying to cope with certain feelings, they would be more likely to turn to compulsive buying.

**The Actual and Ideal Self-concept**

Following both a psychological and social approach the compulsive buyer is motivated by their self-concept which is based on their perceived fit into the world around them. Self-concept is a continuous process consumers go through when they are determining who they are and are thought of through two perspectives the actual self and ideal self (Onkvisit & Shaw, 1987). The actual self is the reality of who and what the consumer thinks they are in the present while, the ideal self is what the consumer aspires to be (Alex & Joseph, 2012). This is relevant to branding because consumers can evaluate the product by comparing it to themselves to assess the degree to which it matches the image their actual or ideal self.

Embracing the self-concept framework, brand-user or product-user image is an idea that reflects the stereotypical consumer who uses a class of products or brands (Sirgy, Grewal, Mangleburg, Parks, Chon, Clairborn, Johar, & Berkman, 1997). They are used to draw perceptual comparisons between a brand’s typical user and the desired self-image of a potential consumer (Sirgy, 1982; Sirgy et al., 1997). Through self-monitoring, consumers assess their own ‘fit’ with the image of the focal brands typical user and if that image is desirable then they may engage in the brand (Sirgy, 1982; Coolsen & Kumashiro, 2009).

**Brand Attachment and Self-congruency**

Brand attachment is defined as the strength of the bond with the self (Park, et al., 2012). A consumer develops feelings and thoughts towards brands and a relationship and attachment is formed with the self. When products are consistent with a consumer’s idea of his or her ideal self, it is referred to as self-congruency (Alex & Joseph, 2012). When a consumer meets their ideal self, they feel fulfilled. As a result, consumers are prone to repeat the purchase of certain brands to get the same feelings.

The theoretical basis used to explain this phenomenon is found in self-image congruence models, which offer a popular approach to help explain consumer decision-making processes (Onkvisit &
Self-congruency theory holds that consumers compare their self-concept with the image that a brand projects. Those brands that are consistent with their self-concept become preferred brands (Sirgy, 1982; Parker, 2009). Many studies have found supporting evidence for this user-image congruence effect (Dolich, 1969; Ericksen & Sirgy, 1989, 1992).

The basis for the self-congruency theory stems from two psychological understandings. The first is the need to maintain or sustain a realized self-concept, which is defined as a set of beliefs about attitudes toward oneself (Aaker, 1999). The second is a desire to engage in a realm that matches one’s own schematic understanding. The notion of matching consumer and company likeness has been investigated and theorized as consumer-company identification (Carlson, Donovan, & Cumiskey, 2009). Rooted in Social identity theory, identification is a process people come upon whereby they place themselves into a social context that is they identify their belonging within a social structure (Bergami & Bagozzi, 2000). When people identify strongly with a social setting “there is an overlap between their self-schema and [that of the setting]” (Carlson et al., 2009).

Compulsive buying tendencies are linked directly to brand attachment. Consumers become attached to brands when they feel connected with their ideal self. The happiness a consumer receives from buying products that increases their ego make them feel connected with their ideal self, thus encouraging brand attachment. Brand popularity increases the effect of compulsive buying tendencies on brand attachment. The more popular a brand is the more likely a consumer will have an attachment with it because of its association with popularity.

\[ H_1: \text{Compulsive buying tendencies and brand attachment are positively related.} \]

\[ H_2: \text{Brand popularity positively affects the relationship between compulsive buying tendencies and brand attachment.} \]

![Figure 1: Compulsive Buying – Brand Attachment Model](image)

**RESEARCH STUDY**

**Method and Sample**

This research surveys a broad sample of consumers employing an online instrument in an effort to minimize geographic and logistical participation barriers. Using the snowball sampling method (Zinkhan, Burton, & Wallendorf, 1983), participants were recruited through contact information provided by upper division university students at a large-sized university in the Midwestern US. A noted deficiency of the snowball sampling method is potential selection bias that is introduced when recruiters ask socially similar people to participate because of this subjects were carefully sought from a diverse age range. In addition, 12 survey participants were randomly selected and contacted by the authors as a validity check, ensuring the voracity of the data. The average age for the sample is 31.2 years (S.D. = 14.19). The sample is generally well educated (34% hold a bachelor’s degree) and 59% have household income that exceeds $70k per year. Thirteen responses were unusable due to incomplete answers leaving 287 valid observations.

**Measures**

To measure compulsive buying tendency we draw upon three separate scales Faber and O’Guinn (1992), and Edwards (1992). The scale includes seven Likert-Like statements to which respondents agreed or disagreed. In the exploratory factor analysis the scale met the minimal acceptable reliability threshold (.70, Churchill 1979) measured by Cronbach’s alpha (Cronbach 1951) at .90. Additionally, all items loaded on a single factor at .63 or above (average loading of .80).

As the focal point in this study, respondents were asked to provide data concerning their personal attachment with a series of 66 different brands. Recently, a popular advertising campaign sought to humanize a focal brand as popular and trendy while characterizing their competitors as nerdy and out of date. For this focal brand (Macintosh™), the campaign used a cool, hip yet down to earth spokesperson that avidly proclaimed, “I’m a Mac.” For their personified competitor (the PC) a middle-aged seemingly out of touch spokesperson admits, “I’m a PC.” As a result of the clever juxtaposition of opposing brand images the focal brand (Macintosh™) effectively drew the observer into choosing sides by ultimately asking if they were a ‘Mac’ or ‘PC.’ Using this same design we asked respondents to indicate on a five-point likert-like scale the degree to which they identified with each brand. For the statement, “I am a Pizza Hut,”
individuals evaluate it they embody the likeness of Pizza Hut™ and agree, while those that don’t will disagree. For the purpose of this research we have called this variable brand attachment (Louis & Lambert, 2010). We use this variable similarly to Malär et al. (2011) who define emotional brand attachment as a reflection of “the bond that connects a consumer with a specific brand and involves feelings toward the brand.” The choice of product categories was made after informal consumer interviews by the authors. Specific product categories were chosen based on familiarity to most consumers.

Specific brands were then selected based on market share data within each product category (Market Share Reporter, 2009). Therefore, market share is used to measure brand popularity.

RESULTS

To test our first hypotheses we measure the bivariate correlation between each respondent’s compulsive buying tendency score and their average brand attachment. We find that they are positively and significantly correlated \( r = .178, p = .003 \). In addition, we ran a bivariate regression and found that the resulting beta coefficient also to be also significant \( b = .097, p = .003 \).

To incorporate the effects of brand popularity we ran the same analysis based upon their market share rank. Thus, all products that are first in their product class by market share were grouped together followed by those products that were second, third and fourth. As a result both the correlation and regression coefficients describing the relationship between compulsive buying tendency and attachment were calculated while taking into account some measure of popularity. In Table 1 the average attachment is the respondent’s average attachment score by product for each market share rank, while the correlation and beta coefficients \( r \) and \( b \), resp.) provide measures for the relationship they share.

Table 1: Correlation and regression coefficients for CBT and brand attachment

<table>
<thead>
<tr>
<th>Market Share Rank</th>
<th>Average attachment</th>
<th>( r )</th>
<th>( b ) (sig.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2.86</td>
<td>0.150</td>
<td>.251 (.001)</td>
</tr>
<tr>
<td>2</td>
<td>2.73</td>
<td>0.131</td>
<td>.207 (.027)</td>
</tr>
<tr>
<td>3</td>
<td>2.32</td>
<td>0.153</td>
<td>.247 (.009)</td>
</tr>
<tr>
<td>4</td>
<td>2.27</td>
<td>0.222</td>
<td>.378 (.000)</td>
</tr>
</tbody>
</table>

DISCUSSION AND CONCLUSION

The goal of this research is to develop an approach, then test the relationship between compulsive buying tendency and brand attachment when taking into account the influence of brand popularity. We find that compulsive buying and brand attachment are indeed positively related (supporting hypothesis one). However, the data results are unclear in regards to the role brand popularity plays. Brands ranked fourth demonstrate the strongest influence upon the compulsive buying and brand attachment relationship followed by those ranked third, then first and finally second. To support our second hypothesis the order of relationship strength should begin with the most popular brands followed by weaker ones thus, we fail to accept this hypothesis.

The research is important because the phenomenon of compulsive buying is very serious while brand power has come to play a significant role in both firm strategic planning and consumer decision-making processes. We theorize that compulsive buyers seek to improve the state of their actual self-image by gravitating toward brands that move them closer to their ideal self-image. By creating this self-image / brand-image congruence the product choice set allows the consumer to feel better about themself, temporarily medicating their fragile psyche.

Future research in this area should continue to focus on the measurement of brand choice relative to key psychological traits such as propensity to behave compulsively, attitudes, feelings, and emotions. Moving forward other analysis methods will be used to overcome data constrictions associated with multicollinearity.

The power wielded by a strong brand may also have confused respondents. All 66 brands are from 16 distinct product categories, however some brands have products in multiple non-related product categories and a brand halo affect is evident. Apple for instance is has the fourth strongest market share as a computer brand, yet its brand popularity in cell phones, MP3 devices and tablet computers far outweighs its market share stature in personal computers.

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THE FOOD TRUCK PHENOMENON: THE VENDOR’S PERSPECTIVE

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EXTENDED ABSTRACT

While food trucks are not a new idea, the significant growth in the number of trucks on the road and the variety of foods offered has drawn interest to this retail option. Unfortunately there is limited academic research available on the operations and characteristics of the food truck industry. More insight is needed regarding the organization structure, operating challenges, along with branding, pricing and promotional strategies.

To examine this phenomenon, in-depth discussions with five food truck owner/operators in Houston, Texas and four in St. Louis, Missouri were conducted to learn about the critical areas of this industry. As with any qualitative research methodology, the question of “why” things work the way they do in the food truck industry was asked. It was also necessary to determine “what” concepts were most critical to owner/operators. The open-ended nature of the questions enabled the respondents to comment and expand as needed. The anecdotal information provided by the five initial participants in Houston enabled us to ask more specific questions of the St. Louis vendors.

The results indicate that technology is vital to this industry in the form of social media to help with promotion and apps which help facilitate payment. Legal and regulatory issues also were a concern for the participants given the challenge of doing business in several municipalities each day. For example, sales tax must be paid based on where the food is sold, which for some vendors could mean keeping track of sales by 3 or more locations each day the truck goes out. Finally, pricing issues were a major concern given the rising prices of ingredient and fuel, along with the highly competitive nature of this industry.

Our discussions with the nine food truck vendors from Houston and St. Louis provided insight into the food truck business in both markets and helped refine our understanding of critical concerns of this growing industry. To continue our research, we will develop two surveys, one for the food truck vendors and another for their customers. We believe a dyadic study, with a direct connection between the customer and the food truck from which they buy, will enable a more robust understanding of operational decisions and the customer’s perceived outcome.

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INTERNAL MARKETING’S EFFECTS ON EMPLOYEE SATISFACTION, PRODUCT QUALITY, CUSTOMER SATISFACTION & FIRM PERFORMANCE

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EXTENDED ABSTRACT

Internal marketing was originally defined as making internal products (jobs) available to satisfy the needs of internal market (employees) so that it satisfies organizational objectives (Berry, Hensel, & Burke, 1976). Marketing activities require investments in employees and customers which may have a long term payoff, but there is very little empirical research on internal marketing’s effect on firm performance (Wieseke, Lam, & Dick, 2009). This paper proposes a model of the chain effects of internal marketing on employee satisfaction, quality, customer satisfaction, and finally firm performance.

![Diagram of the proposed model]

Figure 1. The Proposed Model of the Chain Effects of Internal Marketing on Firm Performance

Internal marketing has been linked to job satisfaction (Ahmad, Rafiq, & Saad, 2003). Based on the above, the following are proposed.

P1: Firms that spend more (as a % of their revenue) on internal marketing will have higher employee satisfaction than firms who do not spend as much in internal marketing.
P2: Firms that have high levels of employee satisfaction will attract more new employees (acquisition).
P3: Firms that have high levels of employee satisfaction will retain more employees (retention).

Employee satisfaction leads to customer satisfaction (Evanschitzky, Wangenheim, & Wunderlich, 2012) and service quality (Lee, Lee, & Kang, 2012). Based on this, the following proposition is offered.
P4: Firms that have high levels of employee satisfaction will have higher product quality.

Better quality leads to customer satisfaction (Anderson & Mittal, 2000), loyalty, and customer retention (Rust, Lemon, & Zeithaml, 2004), increasing the profitability of the company (Cooil, Keiningham, Aksoy, & Hsu, 2007; Fornell, Mithas, Morgeson III, & Krishnan, 2006). Based on the above, the following are proposed.
P5: Firms with high levels of quality have higher levels of customer satisfaction.
P6: Firms with high levels of customer satisfaction will have higher customer retention.
P7: Firms with high levels of customer satisfaction will have higher customer acquisition.
There are a number of studies that have found a positive relationship between satisfaction and firm performance (Mittal, Anderson, Sayarak, & Tadikamalla, 2005; Evanschitzky, et al., 2012). Based on the above, the following propositions are offered.

P8: Firms with high levels of customer satisfaction have higher profitability.

P9: Firms with high levels of customer satisfaction have higher sales growth rate.

**KEY WORDS:** Internal Marketing, Employee Satisfaction, Product Quality, Customer Satisfaction, Firm Performance

**REFERENCES**


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NOTIONS IN THEIR HEADS: EXPLORING THE DISCREPANT SELVES OF AFRICAN AMERICAN FEMALE ENTREPRENEURS

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EXTENDED ABSTRACT

Research has confirmed that ethnic minority entrepreneurs experience conflicting dialectics caused by tensions in and around the entrepreneurial environment (Anderson, Sims, Neese, Sims, & Shuff, 2013). But, little empiricism has explored notions of the mind and matters of the self among minority entrepreneurs. The aim of this investigation is to explore these internal motivations through identification of self-characteristics and through probing self-discrepancies that exist among African American female entrepreneurs. Investigations, with an internal focus, offer the opportunity to reveal motivators that underlie the self-talk (or notions in the head) of these entrepreneurs.

As a theoretical framework about the self, Higgins’ (1987, 1989) self-discrepancy theory was used for capturing insights about the selves of minority entrepreneurs. Using a content analysis process (Kaid & Wadsworth, 1989; Krippendorff, 1980, 2005) to examine interviews with 20 African American female entrepreneurs, 259 self-characteristics from participants’ own standpoint and 94 self-characteristics from the standpoint of others were identified. Coding results reveal entrepreneurs describe themselves with self-characteristics that are more positive in tone and not associated with their being African American or female. However, nearly the opposite was true when entrepreneurs mentioned self-characteristics from the standpoint of others, which were more negative, had greater mentions of ethnicity, and had greater references to gender.

Overall, the investigation suggests self-discrepancies exist both in the content of self-characteristics and in the perceived negativity that entrepreneurs associate with how they are perceived. In addition, this study highlights the motivations and self-identities of African American female entrepreneurs, in order to better understand how their unique characteristics shape their experiences as African Americans, as females and also as entrepreneurs.

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AN EXPLORATORY STUDY OF THE EFFECTS OF SERVICE FAILURES AND RECOVERY EFFORTS ON CUSTOMER SATISFACTION

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ABSTRACT

Service failures seem to be inevitable given the heterogeneous nature of services. In many cases, it is the service recovery efforts performed by service providers after a service failure that affect customer satisfaction. A model is proposed that considers the impact of service failures and service recovery efforts on customer satisfaction within restaurants. The findings indicate that while the severity of the service failure does not impact the preference for recovery efforts, recovery efforts do impact customer satisfaction. In addition, an analysis of various demographic factors suggests that gender plays a role in these variables.

INTRODUCTION

Customers today expect even better service than in the past. With a simple click of the computer, comparative shopping and pricing have risen to a whole new level. Affording convenience to the consumer has created a different mindset in the mind of the retailer. According to Hoffman, Kelley and Rotalsky (1995), the way in which a service provider reacts to a service failure has the potential to create a content customer, or an extreme problem. They further commented on the importance of a manager’s consideration of both service failure and service recovery potential and that these managers should create a viable plan regarding service recovery, should such customer service problems arise. In addition, Hoffman et al. (2005) point to the importance of proper employee training programs for the minimization of service failures.

The importance of service quality in customer satisfaction is inarguable. Parasuraman, Zeithaml, and Berry (1988) defined service quality as “a global judgment or attitude relating to the overall excellence or superiority of the service.” Nadiri and Hussain (2005) stated that service quality was imperative in developing customer satisfaction, aids in guaranteeing repeat business and plays an important part in recommendations through customer word-of-mouth. These authors also commented on the importance of research in relation to the customer’s perspective.

Previous studies have indicated the importance of developing service recovery strategies based upon an understanding of service failures, with the goal to establishing better customer retention (Hart, Haskett and Sasser, 1990; Lockshin and McDougall, 1998; Mack, Mueller, Crotts and Broderick, 2000; Swanson and Hsu 2009).

The present study’s purpose is to investigate the effectiveness of service recovery efforts following service failures, and the following effect on customer satisfaction from the customer’s perspective.

Service Failures

Service failures are merely a part of doing business in the hospitality industry, such as restaurants and therefore are quite a common occurrence (Smith and Bolton 2002). According to Michel (2001), service failure occurs when the expectations set by the customer are not met by the service provided. This gap may be created by core service failures or service encounter failures. Core service failures are those problematic occurrences that are created by the service provider, such as poor products and facilities. Service encounter failures refer to the “negative and improper behavior by the service provider (e.g. being uncaring or impolite)” (Coulter 2009, pg. 144.) The gaps that exist between customer expectations and service realities were found to be among the top reasons for customers to leave service providers on a voluntary basis (Keaveney 1995).

The core service and service encounter failures outlined in this study are controllable in nature, meaning that “customers perceive that more input (i.e., effort or skill) on the part of the service provider might have prevented the failure” (Coulter 2009, pg. 147). According to Hess, Ganesan and
such failures create a large recovery expectation on the part of the customer.

Service Recovery Efforts

According to Miller, Craighead and Karwan (2000), service recovery efforts are defined as “those actions designed to resolve problems, alter negative attitudes or dissatisfied customers and to ultimately retain these customers” (pg. 388). Of course, a service environment that lacks problems is quite desirable, but unlikely to achieve; therefore, restaurants must understand how to react should service failure arise. Recovery strategies have an undeniably dramatic impact upon a company’s profitability and revenue (Tax and Brown 2012).

Service recovery efforts are of such importance that according to Bamford and Xystouri (2006), a majority of customers who have experienced a service failure that is either unresolved or dealt with in an inadequate manner will not return to the service provider. According to Choi and Mattila (2008), if a customer perceives that a service firm could have prevented a service failure and does not, the customer will exhibit a very negative reaction. Often customers choose to simply not complain. Approximately 90%-95% of dissatisfied customers choose to change providers rather than lodge a complaint (Singh 1990; Dube and Maute 1996; Tax and Brown 2012). Two of the most cited reasons for this lack of complaining were customers’ non-confrontational attitude, as well as a belief that the company will not be responsive to the complaint if it were voiced (Dube and Maute 1996; Tax and Brown 2012).

Failure to properly offer appropriate service recovery may further extend the problematic situation and be viewed as a second service failure (Hoffman and Kelley 2000). Coulter (2009) noted the additional importance of timing in service recovery efforts and that in order to provide a higher level of customer satisfaction, service recovery efforts should occur immediately. He further commented that if recovery efforts are occurring over a period of time that the customer gets to the point that the recovery efforts simply prove to be insufficient, causing dissolution of the customer-service provider relationship. According to Mattila, Cho and Ro (2009), effective service recovery efforts lead to positive tendencies in customer satisfaction.

Numerous studies identified specific service recovery efforts that can be successful. Specifically, studies have determined that efforts such as compensation and apology will lead to a level of customer satisfaction (Goodwin and Ross, 1992; Smith and Bolton, 2002; Coulter 2009). Tax and Brown (2012) echoed the importance of compensation as the most important recovery effort in their study. Kelley, Hoffman and Davis (1993) found that an apology was a positive enhancement of the service experienced by customers.

Customer Satisfaction

Customer satisfaction is defined by Oliver (1980, pg. 463) as “when consumers receive service that is better than expected.” Customer satisfaction is a vital variable in relation to repeat business. In a study of the travel industry by Swanson and Hsu (2009), they found that customers were likely to give the service provider repeat business if the company responded to the service failure in an acceptable manner. Colgate, Tong, Lee and Farley (2007) stated that positive customer experiences were found to be the strongest deterrent to switching providers.

Previous research has addressed strategies for service failure and recover, with mixed results. The offering of an apology has been found by various authors to placate the customer, leading to customer satisfaction (Goodwin and Ross 1992; Lewis and McCann 2004; Bradley and Sparks 2009). McColl-Kennedy, Daus, and Sparks (2003) agreed that apologies are an effective avenue to customer satisfaction, but only if such apologies are sincere and empathetic. On the other hand, Duffy, Miller and Bexley (2006) did not find apologies to be effective in developing customer satisfaction.

One method that customer use to express their level of satisfaction is through word-of-mouth. According to Kinard and Capella (2006), word-of-mouth is often important when consumers are choosing a service provider, such as a restaurant. Thus, customer satisfaction is important to maintain positive word-of-mouth. Eickins (1983) stated that patrons are quite open to use word-of-mouth when discussing their purchasing experiences with others. Once a service failure has been rectified and the customer is satisfied they are often quite likely to use positive word-of-mouth recommendations thereafter (Lewis and McCann, 2004; Swanson and Davis, 2003.)

Prior to Hoffman, et al.’s study (1995), there is a lack of evident research that investigates that relationships between service failure, recovery efforts and customer satisfaction, leaving the authors to suggest that these relationships be included in future studies.

HYPOTHESES AND RESEARCH QUESTIONS

Mostert and Steyn’s 2010 study investigated restaurant service failures in two countries, one of which was the United States. The study found that
U.S. patrons cited food or service problems and problems with restaurant employees more likely to “offer customers some form of compensation as service recovery” (pg. 255). The study also found similarities to the customers’ service failures and the recovery strategies restaurants offered to the patrons.

Previous studies have found that service failures experienced by customers affected their expectations of recovery efforts and the severity of the service failure resulted in negative impacts upon service recovery efforts (Hoffman et al. 1995; Liao 200). This leads to the following hypothesis.

H1: Service Failures will have a positive effect upon Service Recovery Efforts.

Previous research findings have indicated that customers who were satisfied with a service recovery experienced “greater trust and positive word-of-mouth” when “compared with dissatisfied complainants” (Kau and Loh 2006, pg. 109.) The study also found that customers viewed fairness of outcomes extremely important in relation to their level of satisfaction. In addition, Mattila (2001, pg. 110) found that customer satisfaction in relation to service recovery is “positively related to trust”. This leads to the following hypothesis.

H2: Service Recovery Efforts will have a positive effect upon Customer Satisfaction.

A perusal of the literature indicates a lack of research that investigates the effect of specific demographics upon consumer’s perceptions of the severity of service failures. Whilst demographics are often included in the literature so that the authors may identify the classifications of their sample, there is little to no evidence of in-depth research investigating the impact of these classification categories upon their perceptions of service failures (Keaveney and Parthasarath 2001 and Bunker and Ball 2008).

A study by Hoffman et al. (1995) found no difference amongst demographics in relation to service failure and recovery ratings. Keaveney and Parthasarath (2001), however, did state that perhaps customers with higher incomes and levels of education may be more accurate in what is expected from a service provider.

In addition, Kolodinsky (1993) commented that gender may play a role in service failure evaluations. He pointed out that this situation may exist because men and women display differing behaviors when registering complaints. Therefore, the following research question is posed.

RQ1: What effect will demographics have upon individual’s perceptions of Service Failures?

Previous studies have shown that gender has an impact on how the customer will react to service recovery efforts (Mattila and Eng 2002; McColl-Kennedy, Davis and Sparks 2003). According to Mattila, Cho and Ro (2009), males indicated a significant increase in recovery satisfaction ratings when offered an apology and compensation. Their study also found that for women, satisfaction was significantly higher when apology and compensation were combined, and that compensation without an apology dropped the satisfaction level of the subjects to a lower level.

A study by Hoffman et al. (1995) found no difference amongst demographics in relation to service failure and recovery ratings. Wells and Prensky (1996) stated that demographics influence the consumer’s evaluation of their purchasing experiences, but not specifically in relation to services. According to McColl-Kennedy, et al. (2009), the recovery process is of more interest to women than the actual outcome. This leads to the following research question.

RQ2: What effect will demographics have upon individual’s perceptions of Service Recovery Efforts?

Studies discussing the importance of gender in relation to customer evaluations of service experiences are somewhat limited. According to Mattila et al. (2003, pg. 122), women, specifically, exhibit a higher level of interest “in the recovery process than the outcome”.

A study by Caruana (2000) found that gender and marital status had no role in customer perceptions related to service loyalty, but age and education did play such a role. In addition, Deng, Lu, Wei and Zhang (2010) found that age and gender did have an effect on the customer satisfaction ratings of their subjects. This leads to the following research question.

RQ3: What effect will demographics have upon individual’s perceptions of Customer Satisfaction?

**METHODOLOGY**

The Operational Model

The theoretical framework of this study utilizes the operational model presented in Figure 1. This model suggests that there is an antecedent relationship that culminates in customer satisfaction for restaurants. Specifically, the effect of service failures on customer satisfaction is mediated by service recovery efforts. Customer satisfaction should vary indirectly based on the service failures within restaurants, and directly with the extent to which a restaurant has implemented service recovery efforts. Additionally, this study examines the effect that various demographic factors have on perceptions of service failures, service recovery efforts, and customer satisfaction, respectively, within restaurants.
Sampling Procedure

Because this research is an exploratory investigation of the relationships that lead to the creation of customer satisfaction in restaurants, a convenience sampling procedure is utilized. The sampling units consist of university students from a large western university, and a questionnaire was developed and administered to these students in various undergraduate business classes by the authors. Students were sampled without replacement to ensure that a student only completed the questionnaire once. All items on the questionnaire were pretested with 35 undergraduate business students from the aforementioned university in order to identify and eliminate any ambiguities in the questionnaire. A total of 136 questionnaires were collected, of which a total of 126 were usable after eliminating unusable questionnaires due to significant omissions. The relevant characteristics of this student sample are presented in Table 1. While not included in this table, the average age of the respondents was 24 years, with 67.5% of the respondents between 22 – 25 years of age.

Measures

Most of the scales used to measure the constructs in this study were derived from instruments that were designed from previous studies. Because the validity of many of these scales has been supported in other research (Hoffman et al. 1995), the primary goal in this study was to reaffirm the reliability of these scales in the scale purification process. The internal consistency of each scale item and the overall alpha score for constructs was assessed using Cronbach’s alpha.

The scale measuring service failures is adopted from the work of Hoffman et al. (1995). They developed 11 items that specifically measure the perceived severity of service failures within a restaurant scenario, including such events as seating problems, bad employee behavior, and wrong and/or lost orders. Overall, this scale received an alpha of .912, thus showing a very sufficient level of internal consistency. An analysis of the individual items for this construct shows that some items might be below the threshold of .6; however, all items were retained in the final instrument to provide a measure consistent with the original service failures scale as conceptualized by Hoffman et al. (1995). In addition, elimination of these items would not have improved the overall scale alpha of .912. Eight items representing the preference for various service recovery efforts by restaurants are also adopted from the work of Hoffman et al. (1995). Examples included activities such as giving a discount, a coupon, or an apology. The scale as a whole received an alpha of .621, with many of the individual items receiving alpha scores at or around the .6 threshold. However, the removal of any individual items would not have increased the overall alpha for this scale and, therefore, all items were again retained.
in their original form in order to preserve the original scale in its original form. Ten items representing customer satisfaction were developed to measure the unique satisfaction criteria that emphasize and measure satisfaction within restaurants that utilize service recovery efforts after service failures (i.e., “Employee reactions to a service failure are important to my satisfaction”). Because this scale was developed to measure a new construct to ascertain customer satisfaction within restaurants that employ service recovery efforts, the reliability analysis is particularly important regarding this construct. Indeed, the development of new items that have not been previously empirically tested requires that this new scale adhere to the requirements of the scale purification process. Accordingly, the reliability analysis for this newly constructed scale shows an overall alpha of .808, suggesting that this scale is reliable. In addition, elimination of all but one of the nine items would not improve the overall alpha significantly, suggesting that this scale is reliable for further analyses.

**RESULTS**

In order to test the two hypotheses and the three research questions, correlation analyses will be utilized in addition to independent-samples t-tests and one-way ANOVAs. For the two hypotheses, summated scores will be used in correlations to test the relationships between Service Failures and Service Recovery Efforts, and Service Recovery Efforts and Customer Satisfaction, respectively. The three research questions pertaining to demographics and their relationships to the three constructs (i.e., Service Failures, Service Recovery Efforts, and Customer Satisfaction) will be analyzed with independent-samples t-tests and one-way ANOVAs with selected demographic variables chosen for analyses.

**Hypothesis 1**

The relationship between Service Failures and Service Recovery Efforts was not significant ($r = .155; p = .084$), suggesting that restaurants perhaps do not employ the necessary recovery efforts in a timely manner or in a proper context that customers expect. Although this relationship was positive as anticipated, it is still not significant. Indeed, customer’s expectations of the proper service recovery effort may be contingent on the severity of the service failure and the individual restaurant itself. However, the severity of the service failure did not impact preference for recovery efforts. Therefore, the first hypothesis was not supported.

**Hypothesis 2**

An estimation of the relationship between Service Recovery Efforts and Customer Satisfaction was significant and in the hypothesized direction ($r = .403; p < .05$). It appears that Service Recovery Efforts do have a positive effect on Customer Satisfaction, thus indicating that this construct is very important in the perception of customers when service failures occur within restaurants. Customers who prefer recovery efforts tend to be more satisfied. Consequently, the second hypothesis was supported.

**Research Questions 1 – 3**

Using independent-samples t-tests and one-way ANOVAs, the relationships of the demographic variables listed in Table 1 and the three constructs (i.e., Service Failures, Service Recovery Efforts, and Customer Satisfaction) were analyzed. The only significant relationships occurred between gender and Service Recovery Efforts ($t = 2.54; p < .05$), and gender and Customer Satisfaction ($t = 3.64; p < .05$). In both cases, females had a higher mean as compared to males. Consequently, females were more likely to prefer that a restaurant perform service recoveries when a service failure did occur, and they were also more satisfied than males when a restaurant did perform a service recovery.

**DISCUSSION**

In this study, the impact of Service Failures and Service Recovery Efforts were investigated as antecedent variables leading to the creation of Customer Satisfaction within restaurants. The effects of various demographic variables on these constructs were also investigated.

For this sample of students, there was not a significant relationship between Service Failures and Service Recovery Efforts. It was expected that as the perceived severity of a particular service failure increased, so would the preferences for various service recovery efforts from restaurants. Given the heterogeneous nature of restaurant services in general, perhaps this sample has become accustomed to various service failures in restaurants and doesn’t necessarily expect to receive any service recoveries. However, there was a significant relationship between Service Recovery Efforts and Customer Satisfaction, suggesting that when restaurants do perform service recoveries after a service failure, customer satisfaction does increase.

An analysis of various demographic factors indicates that gender has an impact on the preference for service recovery efforts after a service failure has
occurred within restaurants. Specifically, females are more likely to desire that a restaurant take action after a service failure by offering such things as an apology or a coupon. Gender was also related to perceived customer satisfaction of restaurants that employ recovery efforts after a service failure. Again, females were significantly more satisfied than males and indicated more willingness to recommend and return to a restaurant that properly performed service recovery efforts after a service failure occurred.

Based on these results, the implication for restaurant managers is to understand that despite the inevitability of service failures, proper recovery plans are essential for the success of the organization. Properly training employees to deal with service failures is imperative and an important component of customer satisfaction. In particular, female restaurant patrons tend prefer or expect recovery efforts more than males, and their satisfaction is more a result of these recovery efforts. Male restaurant patrons are perhaps more indifferent or apathetic when it comes to service recovery efforts, and their subsequent satisfaction is not as strongly associated with these recovery efforts.

An opportunity for future research is to apply the model developed in this study to other service organizations, thus improving the generalizability of the results. Additional research could also attempt to use a larger sample or a probability sample of non-students. Finally, the model presented could be expanded to include other restaurant success factors such as positive word-of-mouth or customer loyalty.

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DRUG DEALS: MEASURING THE SUCCESS OF GLOBAL PHARMACEUTICAL ALLIANCES

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EXTENDED ABSTRACT

In this research we uncover factors that predict the success of horizontal distribution alliances (HDAs). HDAs are characterized by the joining of two firms—from the same industry—to distribute a product owned by one of the firms into a new market, thereby creating value for both firms. Empirical, dyadic research is conducted in the global pharmaceutical industry. Results indicate that a certain level of dependence is required to achieve a successful alliance for both partners; however, too much dependence can negatively affect alliance satisfaction.

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YOU ARE TELLING ME THINGS SO I TRUST YOU: AN INVESTIGATION OF TRUST ONLINE

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ABSTRACT

Based on previous findings and involving the elaboration likelihood model, we approach formation of consumer trust in websites as a function of the characteristics of both the ad and the website. Specifically, we examine involvement and think-feel dimensions afforded to the product and brand in online advertisements. We concentrate on websites related to healthcare as we expect involvement in that area can reach high levels. This context is an important field by its very nature presenting higher moral and ethical risks to the organization. Findings reveal customer trust is related to perceived informativeness of the website; while gender differences affect perception of website loading speed.

KEYWORDS: Trust, Brand Trust, Internet Marketing, Healthcare Marketing

THEORY

Trust. Adding to previous advertising studies utilizing the Foote, Cone and Belding (FCB) grid model (e.g. Vaughn, 1986; Choi et al. 2012), in the context of healthcare marketing, we incorporate the elaboration likelihood model to examine the effect of cognitive and affective aspects of internet advertising and the website experience on consumer trust. Vaughn (1986) found that low and high involvement offerings would differentiate how consumers interpret ads. He reports classic strategies of “informative,” “affective,” “habitual,” and “satisfaction,” as appropriate depending on high or low involvement offerings with thinking and feeling types of purchases. Building on this framework, Choi et al. (2012) find that in TV ads, utilitarian appeals are generally matched to thinking-type offerings and value expressive appeals are generally matched to feeling-type offerings.

Traditional studies of brand trust (e.g. Delgado-Ballester, 2004) equate cognition to trust that is consumer confidence of reliability and performance expectations. While previous research has found that consumer trust is determined by communication between consumers and online retailers (Mukherjee & Nath, 2007), as well as design features of the site (e.g. Rattanawicha & Esichaikul, 2005) we take an alternative approach to examine the ease of communication as related to trust in the context of website advertising. As previous research confirms (Chang 2007), the context of healthcare advertising is important because the segment has high market value as well as high importance in terms of public policy (Chang 2007; Moorman & Matulich, 1993). The inverted U has been purported to describe the relationship between internet experience and trust (Aiken & Boush 2006): the more experience with the web, the more there is trust in the content, up to the maximum point, after which trust declines with experience. Our research contributes to this knowledge base that recognizes the online context as a unique medium to explore the concept of trust (Boush 2006; Hine and Eve 1998). Because trust can be related to usability of website features (e.g. Karimov, Brengman, and Van Hove, 2011) we examine user-friendliness of healthcare websites.

Involvement, thinking and feeling, and emotions.

The FCB model includes dimensions involvement along with those of thinking (cognitive) and feeling (affective) (Kim & Sung, 2009) whereas cognitively functioning offerings are best advertised with utilitarian appeals while affectively functioning offerings would be best advertised with value expressive appeals (Choi et al. 2012, Teng, Huang, & Hsieh, 2010).

Consumer emotions (pleasure, arousal) have been also shown to play a role in consumer attitudes to product and to the web site that the product is featured, including their behavioral intentions. Simple cues on the web may provide more pleasure and arousal with low involvement offerings while product involvement has been shown to moderate the effects of the site features on consumer emotions (Young & Lennon, 2010).
We thus look at the cluster of variables related to involvement, as well as cognitive and affective aspects of the purchase decision.

Healthcare marketing

Healthcare advertising is generally considered high involvement, (e.g. Mukherjee, Limbu, & Wanasiska, 2013). When consumer involvement is high, they are expected to be elaborating on the various information cues more, which will affect how trust is formed (Espejel, Fandos, & Flavián, 2009; Mellina da & Pizzuti, 2013). Essentially, information quality cues will affect the trust of consumers in this higher involvement situation. It is then reasonable, that the easier it is for consumers to find information and navigate around the site (user friendliness) and the easier it is to interpret the ad, the easier it is to derive information and thus form trust.

HYPOTHESES

Hypothesis Set 1: Gender Differences

Previous research has demonstrated gender-based differences in brand-evaluation involvement due to processing methods and elaboration (Chang 2007). This finding is based on the notion that males are more often heuristically "selective processors" while women more frequently detailed informational "comprehensive processors" (Meyers-Levy and Sternthal 1991; Chang 2007). These differing types of evaluation methods would logically lead differing levels of involvement, cognitive versus affective components of attitude to product, perception of website’s ease of use, loading speed, user friendliness, ease of reading, efficiency and effectiveness of the website, and perception of advertisement’s user friendliness. Therefore, we propose:

Hypothesis 1a. Men are lower than women in involvement.
Hypothesis 1b. Men are lower than women in cognitive versus affective components of attitude to product.
Hypotheses 1c-h. Men’s perception of site’s ease of use, loading speed, user friendliness, ease of reading, efficiency and effectiveness of the website is higher than women’s.
Hypotheses 1i-k. Men’s perception of advertisement’s user friendliness, efficiency and effectiveness is higher than women’s.

Hypotheses Set 2: Trust

Based on the Elaboration Likelihood Model of persuasion (ELM) in the context of online shopping, consumer involvement can moderate website effect on trust (Martín, Camarero and José 2011). The design of the website environment and interactivity can be attributed to an increase in increase in brand trust (Lin and Lee 2012). According to Lewis and Weigert (1985), cognitive and affective dimensions of processing are central to the formation of trust. Due to this relationship between trust and website effects, we hypothesize the following:

Hypothesis 2a: The higher involvement, the less trust.
Hypothesis 2b-d: Cognitive, affective and emotional components of the FCB grid affect trust. Hypotheses 2e-l: The more user friendly the site and the ad, the more efficient and effective the website and the ad, the more informative the website, the easier it is to use, the more trust.

METHODS

Questionnaire and Sample

An online questionnaire was administered to 45 students, 25 male and 20 female. All students were in their early 20s. Each student was asked to rate several websites. They were instructed to visit ten examples of advertising from at least three different healthcare websites and fill out the questionnaire. They offered a list of sites as examples (including WebMD, Everyday Health, Healthy Women, Men’s Health, Health line, WomensHealthMag and Mayo Clinic), but free to use any other sites of their choice as long as they were healthcare sites. While 25 students filled out exactly 10 surveys, 8 filled out more than 10 (to the maximum of 13), and 12 less (to minimum of 3).

The questionnaire included a) questions to assess involvement measured by the importance of the product and service decision, as well as the amount of thought and complications involved in the product decision; b) questions regarding thinking vs. feeling dimensions of the product; c). questions related to the experience with the ad and website (for example, if the web site was easy to read, took long to load, was informative, if the ad was effective; if the web site was effective); d) trust (“I trusted the web site”).

Models. As a result, we have an unbalanced repeated measures design with individual students nested in gender. Under the assumptions of regular ANOVA model including homogeneity of variance of individual’s responses, we can remove the influence of each individual respondent by centering the responses around the mean for each student (since the average response for each dependent variable is modeled as the sum of averages attributable to each factor plus error). We then proceed to treat individual observations as independent inputs into further models.
The correlations among the variables are presented in Table 1.

**Table 1. Correlation coefficients among the variables, centered for each student**

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<td>.346**</td>
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Our first set of hypotheses is testing whether the respondents’ evaluations of the web sites, the ads, the involvement issues and trust vary between males and females.

To gauge such gender differences, we run one-way MANOVA on our respondent-centered data set. Interestingly, the only variable on which there was significant difference between male and female respondents was their perception of the web site loading quickly, with mean difference of 0.15 on a 5 point scale (p=0.08). When tested with a χ2 test, the difference was statistically significant (p=0.001); there were more women rating the loading speed higher than there men rating so, even if the number of such ratings was not large.

No difference was found on any other variable at a statistically significant level with respect to gender.

To model the influence of involvement, processing, and experience on trust in order to test Hypotheses set 2, we ran linear regression on the respondent-centered data.

Our second set of hypotheses postulated that trust to be a function of involvement, thinking orientation, feeling orientation, experience with the web site and the ad.

To test the relationships of trust and thinking, feeling and experience while doing, regression was performed in two steps. Think, feel, and involvement variables were used first, and the experience with the web site and ad added as a second bloc.

Model fit is presented in Table 2. Variables used in regression along with their statistical significance and parameter estimates are in Table 3.

Notice, that a) none of the involvement or think/feel variables influenced trust in the website. The only statistically significant influence found in the data is of those of perceptions of website effectiveness, informativeness and adding value.

**DISCUSSION AND CONCLUSIONS**

We did not find gender difference in anything other than the perception of loading speed. By itself, in lieu of other differences, this is a somewhat puzzling
Table 2. Model Summary.

<table>
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<th>Model</th>
<th>R Square</th>
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<th>Std. Error of the Estimate</th>
<th>$R^2$ Change</th>
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Table 3. Variables and Parameter Estimates

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<th>Unstandardized Coefficients</th>
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<td>B</td>
<td>Std. Error</td>
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<td>vC6 Complication of product/service decision</td>
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<td>vC7 Thought required for product/service decision</td>
<td>.005</td>
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<tr>
<td>vC10 How much does decision express one’s personality</td>
<td>.037</td>
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<tr>
<td>vC11 How much of decision is based on feeling</td>
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a. Dependent Variable: vC18Trust

Finding which can be possibly explained by either differing expectations or particular slowness of a site more heavily favored by the female students than male. That trust appears to be primarily connected to informativeness of the site and the value that it adds seems to lie in line with the general reasoning of the FCB grid-based theories. Since we expect that even for the relatively young respondents, health care is a higher involvement issue, more information should be desirable by the consumers. As a matter of fact, it is quite possible that the variability of the cognitive measures was not high enough to allow for a statistically significant conclusion, and the results would turn out much more pronounced with the addition of a much lower involvement type of product sites. Inherent in the field study of this nature is the confounding of effects of external factors with the factors under the investigation, which limits the internal validity of any field study.
While in our model, effectiveness and adding value are the factors of trust, further experimentation would be required to establish the direction of causality among them.

The limitations of the method of treating individual responses as independent inputs as long as they are centered around each respondent’s mean are the restrictive nature of assumptions that it makes regarding the data and the possible overstatement of statistical significance. Thus the obvious next step in this research will be to introduce more precise models with fewer restrictive assumptions.

Another set of limitations stems from the fact that it is a field study and thus presents potential problems to internal validity. Staging of an additional experiment created specifically for the experiment where conditions would be controlled might have to overcome such problems.

An additional set of probing questions and measures to separate halo effects from the product, site and ad characteristics as factors will be another direction to develop this study further.

Directions of further research involve more sophisticated models of the effects involved, particularly with parsing out of the individual respondent’s effect. It will be also of interest to look more closely at different characteristics of the ads that the respondents viewed and the websites that they visited as factors in their choices.

REFERENCES


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FROM EMILY POST TO P.M. FORNI: ETIQUETTE AND CIVILITY IN A DIGITAL AND NON-DIGITAL WORLD

Chris Ward, The University of Findlay
Dan Yates, The University of Findlay

EXTENDED ABSTRACT

Emily Post wrote her first book on etiquette in 1922. Ninety years later, being considerate, honest, respectful, and compassionate still apply to both the digital and non-digital world. Today, the term of civility is often used instead of etiquette but many of the same principles still apply to our interactions and communication with the people around us. While technology affects the speed of our communication and allows us to be constantly connected, we must not forget the basics of how to foster relationships and good behavior in person. This can be especially true for millennials who have grown up with technology. They must learn when and if technology is appropriate in the workplace and be able to navigate this office-personal balance. For example, while the job may require you to answer emails or take phone calls at 10 o’clock at night that does not mean it is appropriate to be on your personal Twitter account or text your friends during work hours. Students can quickly understand when behavior is inappropriate or NSFW (Not Safe for Work).

Learning etiquette in the classroom, as a member of a team project, as a roommate and tenant will help students when navigating the interview process and eventually their career. Students can learn to be respectful of their neighbors when renting an apartment off campus, they can contribute fully to a team project, and they can respect and compromise with a roommate. These respectful behaviors can be transitioned to the workplace with coworkers, supervisors and during daily interactions with all people.

This panel will explore civility in the workplace and discuss how it impacts students’ career search as well as their ability to have a sustainable and meaningful career. Not included in this session is a “How to” on creating the perfect YouTube video to quit your job. Even if you do go viral, you do not do it by dancing to Kayne West.

REFERENCES

Quit Your Job By Dancing To Kanye, Like Marina Shifrin. (2013, June 30). Retrieved from: http://www.youtube.com/watch?v=URyNg8oH9Gg


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EXPLICIT PRIMING AND EATING BEHAVIOR

Cynthia Webster, Mississippi State University
Brian R. Kinard, University of North Carolina, Wilmington

ABSTRACT

The authors utilize regulatory focus theory to explore the extent to which the priming of a consumer’s regulatory orientation, or motivation toward promotion (to achieve positive outcomes) or prevention (to avoid negative outcomes), significantly affects their eating behavior. Specifically, the research reported here examined the effects of explicit priming on food portion size change intentions. An experiment employing a randomized posttest-only with control group design was executed. This research lends support for regulatory focus theory for both promotion- and prevention-oriented consumers.

INTRODUCTION

Approximately 70% of the U.S.’s population is overweight, and according to the American Medical Association, about 34% of adults and 17% of adolescent are obese (Flegal et al., 2010). Although such factors as food and beverage type (McFerran et al., 2009) and sedentary lifestyles (Blair & Brodney, 1999) are well-acknowledged causes of obesity, research shows that the key cause of obesity is simply the amount of food consumed on a regular basis (Chandon & Wansink, 2007; Wansink, 2006). Indeed, over the past two decades, the amount of a single food item consumed in a single eating occasion, known as a food portion size, has increased significantly. Unsurprisingly, studies have shown that consumers eat more when they are confronted with larger portion sizes (Diliberti et al., 2004; Wansink et al., 2005). For most consumers, these larger portion sizes eventually become a consumption norm (i.e., the amount of food a consumer is accustomed to eating).

By drawing upon regulatory focus theory, this research explores the extent to which the priming of consumers’ regulatory orientation, or motivation toward promotion (to achieve positive outcomes) or prevention (to avoid negative outcomes), significantly affects change in their food portion size intentions per their consumption norm. An experiment is conducted to determine the effects of explicit motivational priming statements on consumers’ food portion size change intentions.

THEORETICAL UNDERPINNING AND HYPOTHESES

Regulatory focus theory explains the means used by individuals for self-regulation during the pursuit of goals. This theory distinguishes between two regulatory foci or orientations: a promotion and a prevention orientation. Where a promotion orientation emphasizes the “ideal” self, the presence of positive outcomes, and the minimization of “errors of omission” (e.g., missing opportunities for making progress), a prevention orientation emphasizes the “ought” self, the absence of negative outcomes, and the minimization of “errors of commission” (e.g., by doing something which turns out to be a mistake) (Haws et al., 2010; Higgins, 1998; Higgins & Spiegel, 2004). In general, a promotion-oriented consumer is eager toward pursuing goals related to obtaining more of something, and a prevention-oriented consumer tends to be careful about obtaining more of something because of possible negative consequences.

An integral part of regulatory focus theory is a concept known as regulatory fit, which occurs when individuals derive particular value from using strategic means during goal pursuit that align with their underlying regulatory orientations (Aaker & Lee, 2006; Avnet & Higgins, 2006; Hong & Lee, 2008; Wang & Lee, 2006; Zhou & Pham, 2004). Some consumer behavior research has supported the concept of regulatory fit. For instance, research has found that individuals tend to evaluate products more favorably when product information is presented in a frame that fits their regulatory orientation (e.g., Cesario et al., 2004; Higgins et al., 1997). Also, Labroo and Lee (2006) found that consumers’ evaluations of a product are influenced by the compatibility or conflict between the regulatory orientation of an advertisement and the goals (promotion or prevention) serviced by the advertised product. Specifically, when the regulatory orientation of the advertisement matched (conflicted with) the regulatory goals serviced by the product, participants indicated higher (lower) product purchase intent and more favorable evaluations of the advertised brand. This finding indicates that when fit or alignment...
exists between a consumer’s natural regulatory orientation and a subsequent prime (e.g., a promotion-oriented consumer exposed to a promotion prime), any resulting change in behavior will be greater than when there is a lack of fit (e.g., a prevention-oriented consumer exposed to a promotion prime).

Extending the tenets of regulatory focus theory and the related past research findings to food consumption, there is reason to expect that a promotion prime will enhance or strengthen the motivation of promotion-oriented consumers to desire more food. However, the induction of a prevention prime is likely to conflict with their natural regulatory orientation and prompt this once eager consumer to consider the negative consequences of his or her food intake. With respect to the prevention-oriented consumer, she or he naturally possesses a careful, vigilant tendency. But after being subjected to a promotion prime, this tendency should reverse or at least fade, resulting in increased behavior geared toward a gain (in other words, a desire for appetizing food). On the other hand, a prevention-oriented consumer’s tendency toward emphasizing the negative should only help to strengthen their consumption resolve after being prevention primed. However, neither past research nor theory supports the contention that a consumer’s natural behavioral inclination toward food consumption will change after being subjected to a stimulus in which a motivational prime is not inherent. That is, there is no reason to expect that there will be a significant change in behavioral intentions between these two types of consumers when a stimulus in which there is no motivational prime is introduced to the individual. Based upon these expectations, the following predictions are made:

**H1:** Among promotion-oriented consumers, food portion size change intention will significantly increase as regulatory primes move from a prevention to a promotion focus.

**H2:** Among prevention-oriented consumers, food portion size change intention will significantly decrease as regulatory primes move from a promotion to a prevention focus.

**METHOD**

The experiment utilized a 2 (self-regulatory orientation: promotion versus prevention) X 3 (regulatory focus of prime: promotion versus prevention versus control) between-subjects randomized factorial design. The consumer’s regulatory orientation was measured, and the orientation of the regulatory prime was manipulated. The main dependent variable was food portion size change (PSC) intention.

Attendants at a large gathering in a southeastern U.S. community were approached and asked to participate in a study. A free meal during the next month’s gathering was offered as an incentive for participation. Of the 162 attendants, 158 agreed to participate. The participants’ ages ranged from 18 to 87 ($M = 40.0$); males comprised 48.0% of the sample. The participants represented various socioeconomic and ethnic backgrounds.

The procedure used in the experiment consisted of three major steps. First, after agreeing to participate in the study, each participant was asked to complete a scale designed to determine his or her self-regulatory orientation. Higgins’ et al. (2001) valid and internally consistent scale was used to measure self-regulatory orientation. The scale consists of eleven metric scales (e.g., “You feel like you have made progress toward being successful in your life,” “You often do well at different things you try,” “You seldom got on your parents’ nerves when you were growing up,” “Not being careful enough has gotten you into trouble at times,” etc.). Using the mean response to this scale, participants were rated as either promotion- or prevention-oriented based on a median split. The instrument also assessed participants’ demographic and socioeconomic characteristics.

The objective of the second step of the procedure was to aid the participants in considering their consumption norm. This objective was met by administering a photograph of a popular entrée (spaghetti with sauce) to each participant, along with a scaled drawing of a place setting (plate and flatware). Following a technique used by Florack et al. (2010), the participants were instructed to imagine that it was dinner time (as it actually was in reality) and that they were about to serve themselves typical portion sizes of the entrée while being mindful that garlic bread and green salad were also available. The participants were asked to draw the approximate amount of the entrée they would typically serve themselves.

After measuring respondents’ self-regulatory orientation and aiding their consideration of their consumption norm, a randomized posttest-only with control group experimental design was instigated. To induce an explicit prime of a promotion or prevention focus, a manipulation technique was developed for this study. In all three groups, participants were asked to read and consider statements that had been printed on index cards. In Group 1, the promotion focus condition, the statement regarded an assumption that it is wise for consumers to always continue eating during meals until they feel full, and that it is much better for them to eat as much as they want during mealtimes rather than dealing with being hungry and snacking.
later. In Group 2, the prevention focus condition, the statement directed participants to assume that in most dining situations, portion sizes are, on average, far too big, and that one should eat only half of what he or she is served. This manipulation is based on the assumption of regulatory focus theory that the regulation of behavior according to indulgence, hedonism, and absence of worry a main characteristic of a promotion focus, and rendering these concepts highly accessible should activate a promotion focus (Higgins, 1998). In contrast, the regulation of behavior according to attention to overindulgence and avoiding situations and behavior that may yield mistakes or regrets is a main characteristic of a prevention focus, and by rendering these concepts highly accessible activates a prevention focus. In Group 3, the control condition, the statement pertained to an assumed fact that most people consume the same amount of vitamins and minerals regardless of whether they eat out or dine in. The control or benign prime did not regard food portion sizes. After the regulatory orientation and no prime treatments, the participants were asked to imagine a two-month time lapse, the same dinner situation and menu as before. Observations were then made of participants’ PSC intentions. The responses were averaged into a combined scale (α = .92).

Two manipulation checks were performed on 83 study participants. First, each participant was shown the priming method utilized in the present study and a related prime of a recognized implicit nature (Florack et al., 2010) and asked to rate the implicit/explicit nature of the primes on a scale ranging from 1 = Implicit (or very indirect) to 5 = Explicit (or very direct). Results indicate a successful manipulation (M Implicit = 4.88 vs. M Explicit = 1.13; t = 12.00, p < .01). Second, to determine if the manipulation of the primes was appropriate, each participant was asked to rate each prime on a five-point scale that ranged from 1 (promotion or desire to avoid mismatch with desired state) to 5 (promotion or desire to match with desired state). T-tests indicated significant differences between promotion (M = 4.92) and control (M = 3.03) primes (t = 11.14, p = .01) and between control and prevention (M = 1.24) primes (t = 10.01, p = .02).

RESULTS

The hypotheses were tested using a two-way omnibus ANOVA. The analysis revealed significant main effects for both consumer’s regulatory orientation (M Promotion = 3.38 vs. M Prevention = 2.41; F (1,152) = 9.38, p < .05) and the regulatory focus of the prime (M Promotion = 4.12 vs. M Control = 2.85 vs. M Prevention = 1.73; F (2,152) = 15.02, p < .01). In line with regulatory focus theory, the desire to eat larger portions of food is positively related to promotion orientations and promotion focused primes. As depicted in Table 1, multiple comparisons reveal promotion-oriented consumers intend to eat significantly more food (M = 4.78) after being promotion primed than those who were prevention primed (M = 2.37; t = 7.54, p < .05) or subjected to the control condition (M = 2.98; t = 5.63, p < .05), whereas prevention-oriented consumers intend to eat significantly less food (M = 1.08) after being prevention primed than those who were promotion primed (M = 3.43; t = 7.36, p < .05) or subjected to the control condition (M = 2.72; t = 2.22, p < .05). Further, PSC intentions significantly differed between the prevention prime and control conditions for both promotion- (t = 1.91, p = .05) and prevention-oriented (t = 2.72, p < .05) consumers. Thus, H1a and H1b are fully supported.

Figure 1: Effects of explicit regulatory priming on consumers’ food portion size change intentions
Simple effect tests reveal consumers with a promotion orientation intended to eat significantly more food (M = 4.78) than consumers with a prevention orientation (M = 3.43; t = 4.23, p < .05), whereas consumers with a prevention orientation intended to eat significantly less food (M = 1.08) than consumers with a promotion orientation after being prevention primed (M = 2.37; t = 5.13, p < .05). In addition, no significant difference surfaced between control conditions for the promotion and prevention groups (M = 2.98 vs. M = 2.72; t = 0.81, p = .33). Thus, the interaction effect between consumers’ self-regulatory orientation and focus of the regulatory prime was found to be non-significant (F (2,152) = 1.53, p = .10).

CONCLUSION

The current research used a randomized posttest-only with control group design to explore the extent to which the priming of a consumer’s regulatory orientation, or motivation toward promotion (to achieve positive outcomes) or prevention (to avoid negative outcomes), significantly affects their food portion size change (PSC) intentions. The findings indicated that food PSC intentions are most influenced when a regulatory prime is congruent with a consumer’s natural regulatory orientation. Specifically, among promotion-oriented consumers, food PSC intentions significantly increased as regulatory primes moved from a prevention to a promotion focus; and among prevention-oriented consumers, food PSC intentions significantly decreased as regulatory primes moved from a promotion to a prevention focus.

The results suggest that a relatively explicit prime is effective in managing consumer food PSC intentions. For promotion-oriented consumers, advertising designed to encourage healthy eating behavior should focus on the explicit positive benefits of healthy food choice. For prevention-oriented consumers, advertising designed to encourage healthy eating behavior should focus on the explicit negative consequences of avoiding healthy foods.

The dependent variable that was assessed in the current study was intention. In the case of reasoned action, intentions are usually direct and strong drivers of actual behavior. Yet, consumer’s portion size intentions that are measured when using a hypothetical scenario at a social gathering may not be strongly predictive of their actual behavior. Therefore, future research assessing actual behavior would enhance the generalizability of the results to the actual practice of portion control behavior.

Further, the context in which the relationships were tested limits the ability to generalize the effects found in this research in a number of ways. First, this current study utilized somewhat explicit cues to prime promotion and prevention orientations. Other, more overt primes of regulatory orientation (e.g., pictures of healthy vs. obese consumers) might be used and their effects on portion size behavior determined. Second, this study focused only on effects related to changes in food consumption. Research should be done to determine the potential influence of regulatory priming on decisions not necessarily related to food. It is assumed that when regulatory orientation becomes more accessible through recent activation, semantic associations related to any goal satisfying activity may be primed (Labroo & Lee, 2006). Indeed, Sengupta & Zhou (2007) found that the effects of regulatory priming on impulsive eating had carryover effects on subsequent hedonic consumer purchases. Therefore, an extension of the current research would be to determine if the effects of regulatory priming on portion size change would also carry over to other types of consumption behaviors. Third, an individual’s regulatory focus is closely associated with their self-view (Aaker & Lee, 2001). Consumers with an independent self-view, or one that distinguishes themselves from others, tend to be promotion focused. The implication is that consumers are likely to be more promotion-oriented (and less prevention-oriented) if they live in a country that nurtures individualism (e.g., U.S.) as compared to collectivism (e.g., China). Indeed, research suggests Americans are more promotion-oriented than East Asians (Lee et al., 2000). Since all participants in this study were from the U.S. and classified in terms of regulatory orientation based on a median split, those classified as prevention-oriented may have had promotion tendencies. Thus, further research is needed to determine if the effects outlined in this paper are country specific.

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TESTING DIRECTIONAL HYPOTHESES IN MARKETING WITH CATEGORICAL DATA: A PROCEDURE

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EXTENDED ABSTRACT

Use of inappropriate methods to analyze data raises legitimate concerns about the validity of any inferences drawn from them. For instance, the chi-square test which is commonly used to test for nominally scaled variables measures the extent to which the variables exhibit a non-random relationship, but it does not permit inferences of the type “the more of X, the more (or less) of Y.” A research study points out that in typical cross-classification studies, even where theory and predictions are precise, relationships between variables are inadequately tested (Drazin, & Kazanjian, 1993). Indeed, the same research indicates that majority of cross-classification studies apparently reduce the level of precision in their theories to match the methods available and do not go beyond being exploratory. The purpose of this study is to describe the Del Statistic (Drazin, & Kazanjian, 1993) and compare it to the Chi-Square test by using well-established services marketing propositions as the study context.

The Del statistic permits a test of significance without the assumption of interval linearity. It measures the strength of categorically specified hypotheses as a proportionate reduction of error (PRE) in cross-classification analysis of nominal and ordinal data. Del goes beyond rejecting the null to actually specifying predictive hypotheses about categorical variables and measuring the extent to which the hypotheses explain the observed data. Using Del, a researcher predicts a relationship between two variables specified as expected frequencies in a cross-classification matrix. In the event that a relationship does exist, the hypothesis can be evaluated in terms of the proportionate reduction of error for which it accounts. Del is interpreted as the proportionate reduction in error of knowing the specific prediction rule over not knowing that rule. In the absence of such a rule, expected cell frequencies are determined by the marginal probabilities of the rows and columns which define them. In the presence of a prediction rule, expected cell frequencies are determined by that rule. While Chi-Square measures a goodness of fit for the null hypothesis of no relationship, Del measures a goodness of fit for a directional hypothesis.

The calculation of Del involves specifying the cells in which frequencies are expected to occur. To calculate the proportionate reduction in error, a comparison is made between the expected frequencies in the presence and absence of a prediction rule. Prediction errors are measured by assigning a weight (typically 1) to the cells in which frequencies are not expected to occur to penalize them when they do. A weight of zero (0) is assigned to those cells in which they are expected to occur. In other words, only the error cells are of interest in calculating Del. The expected frequencies of each cell (absent a rule) are multiplied by their weights and all products are summed. The observed frequencies of each cell are also multiplied by their corresponding weights and summed. Del or the measure of prediction success is defined as the expected errors minus the observed errors divided by the expected errors. In the absence of observed errors, the goodness of fit is perfect and Del is equal to 1. A specific Del value for a given cross-classification matrix, however, tells little. What is informative is the likelihood that the value of Del would have occurred in the absence of a valid relationship between the variables. The less likely it is, the more confidently one can infer that the hypothesized relationship does exist. The significance of a given value of Del is determined by calculating its corresponding z-score.

The investigation of the relationships between consumer satisfaction and behavioral intentions has a rich research tradition and is used as the study context here. Research, for instance, shows that customer satisfaction drives repurchase intentions and that the relationship between customer satisfaction and repurchase intentions is positive (Davidow, 2000). Likewise, a plethora of writings suggests that satisfied customers are likely to tell others about their experiences and engage in positive word-of-mouth, whereas customer dissatisfaction results in complaints or negative word-of-mouth (e.g., Szymanski, & Henard, 2001).
Data to test the two hypotheses that higher levels of satisfaction are associated with higher levels of behavioral intentions were collected via personal interviews from 64 tourists who were on the last day of their visit to a theme park. Thus, the respondents had the benefit of the entire visit to assess their experience which was still fresh in their minds. Visitors’ satisfaction with various aspects of the park was measured by asking them to rate their level of satisfaction with sixteen attributes on seven-point scales ranging from “very satisfied” to “very dissatisfied.” These attributes related to basic facilities (e.g., restaurants), infrastructure (e.g., signs), economic factors (e.g., value for the money) and sensory stimulants (e.g., theme). A respondent’s overall satisfaction score was derived by combining his/her scores on the sixteen attributes. Respondents’ revisit and positive word-of-mouth intentions were operationalized by asking them to indicate the likelihood with which they would engage in the particular behaviors. In these cases, seven-point scales ranging from “definitely yes” to “definitely no” were used.

In order to standardize the data for categorical analysis, respondents’ scores on all three measures were arrayed and then, using median scores as split-points, respondents were dichotomized into high and low satisfaction, revisit intention and word-of-mouth groups. Given the hypothesized relationship between the variables, one would expect cell frequencies to load more heavily in the high/high and low/low cells than in the other cells of the table. The frequencies in the high/low and low/high cells are “errors” according to the directional hypothesis. A closer look at the cell frequencies revealed that, on the face of it, the hypotheses of positive relationships between satisfaction and positive behavioral intentions were at least nominally supported by the data. Sixty-three percent of the respondents in the case of revisit intentions and 69 percent of the respondents in the case of word-of-mouth were classified in the correct (i.e., high/high and low/low cells). Analysis by chi-square test showed that the relationship between satisfaction and word-of-mouth intentions was significant but the relationship between satisfaction and revisit intentions was not. Thus, at least with respect to one of the relationships (satisfaction-revisit intentions), the chi-square result casts doubt on the validity of the proposition surfacing from extant research.

Then the data were analyzed by using Del, which has an advantage over the Chi-Square test in that it tests an a priori specification of an expected relationship between the variables. Given the hypothesized positive relationship between satisfaction and behavioral intentions, frequencies are expected in the high/high and low/low cells of the matrix. The remaining cells are regarded as error cells. For the predictions proposed here (higher levels of satisfaction result in higher levels of positive behavioral intentions), the Del statistic was 0.2453 for revisit intentions and 0.3651 for word-of-mouth with corresponding z-scores of 2.6815 and 4.7195. These results were significant at \( p < .05 \), and are consistent with the extant body of research, which posits positive relationships between satisfaction and behavioral intentions. Thus, Del guards against erroneous conclusions when specific directional hypotheses are tested.

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